

In the opinion of the Attorney General of the State of Michigan and in the opinion of Howard & Howard Attorneys, P.C., Bond Counsel, under existing law, and except as otherwise stated herein, the interest on the Bonds is excluded from gross income for federal income tax purposes and is exempt from all taxation in the State of Michigan, except estate taxes and taxes from gains realized from the sale, payment or other disposition thereof, all as more fully described herein under "TAX MATTERS."

\$2,615,000

**MICHIGAN PUBLIC EDUCATIONAL FACILITIES AUTHORITY
LIMITED OBLIGATION VARIABLE RATE DEMAND REVENUE BONDS
(WEST MICHIGAN ACADEMY OF ENVIRONMENTAL SCIENCE PROJECT), SERIES 2003**

♦ Price	♦ Par
♦ Dated	♦ Date of Issuance
♦ Maturity	♦ December 1, 2018.
♦ Limited Obligation	♦ The Bonds are limited obligations of the Issuer payable solely from payments to be made by the West Michigan Academy of Environmental Science, as obligor under an installment purchase financing agreement (the "Obligor") and from funds pledged under the Indenture. The Issuer has no taxing power and Bondholders lack any right to have the Issuer, Central Michigan University, as the Obligor's Authorizing Body or the State of Michigan levy taxes or appropriate funds to pay the Bonds.
♦ Book-Entry Form	♦ The Bonds will be deposited into the book-entry system of The Depository Trust Company.
♦ Denominations	♦ Bonds will initially be issued in authorized denominations of \$100,000 or any integral multiple of \$5,000 in excess thereof.
♦ Interest Rates and Record Date	♦ The Bonds will initially bear interest at the Variable Rate determined weekly, computed on the basis of the actual number of days elapsed over a year of 365/366 day year, as the case may be. So long as the Bonds bear interest at the Variable Rate, interest will be payable on the first Business Day of each month, commencing on January 2, 2004, to the owners of record as of the next preceding Business Day. The interest rate on the Bonds may be converted to a Fixed Rate as described herein. The initial variable interest rate on the Bonds will apply from the Date of Issuance through December 11, 2003.
♦ Tenders	♦ During the Variable Rate Period Bonds may be optionally tendered to the Remarketing Agent for purchase at par under certain circumstances as described herein. ♦ Bonds are subject to mandatory tender for purchase at par under certain circumstances as described herein.
♦ Redemption	♦ Bonds are subject to optional and mandatory redemption prior to maturity under certain circumstances as described herein.
♦ Project	♦ The Issuer will use the proceeds of the Bonds to purchase the right to receive payments from the Obligor under an installment purchase agreement, which was entered into for the purpose of financing the constructing and equipping of a public school academy facility operated by the Obligor as described herein.
♦ Letter of Credit	♦ Fifth Third Bank, an Ohio banking corporation, will issue a direct-pay Letter of Credit under which the Trustee will be entitled to draw up to an amount sufficient to pay the principal of, and up to 45 days' accrued interest on, the Bonds at a maximum rate of 10%. The Letter of Credit expires on December 10, 2008, but may be extended under certain circumstances. The Letter of Credit may be replaced by an Alternate Letter of Credit under certain circumstances described herein.
♦ Trustee	♦ Fifth Third Bank, a Michigan banking corporation.
♦ Reliance on Letter of Credit	♦ Except for a very limited description of the Obligor contained herein, no information with respect to the Obligor (financial or otherwise) is included herein, and the Obligor makes no representation herein concerning its present or future financial condition. Potential investors should base their investment decisions with respect to the Bonds solely upon the credit of the Bank issuing the Letter of Credit, initially Fifth Third Bank.
♦ Use of this Official Statement	♦ This Official Statement should not be relied upon in determining whether to purchase Bonds that are not in the Variable Rate Period and secured by the Letter of Credit.
♦ Underwriter	♦ The Bonds are offered by Fifth Third Securities, Inc. (the "Underwriter") when issued by the Issuer and accepted by the Underwriter, subject to prior sale, withdrawal or modification of the offer, and delivery of an approving opinion by Howard & Howard Attorneys, P.C., Lansing, Michigan, Bond Counsel and the Attorney General of the State of Michigan, and certain other conditions. Certain legal matters will be passed upon for the Underwriter by its counsel, Dykema Gossett PLLC, Lansing, Michigan. Certain legal matters will be passed upon for Fifth Third Bank as issuer of the Letter of Credit by its counsel, Dykema Gossett PLLC, Lansing, Michigan. The Bonds will be available for delivery through the facilities of The Depository Trust Company on or about December 10, 2003.

This cover page contains certain information for quick reference only. It is not a summary of this issue. Investors must read the entire Official Statement to obtain information essential to the making of an informed investment decision.



This Official Statement is dated December 3, 2003 and the information contained herein speaks only as of such date.

REGARDING USE OF THIS OFFICIAL STATEMENT

No dealer, broker, salesperson, or other person has been authorized by the Michigan Public Educational Facilities Authority (the "Issuer"), West Michigan Academy of Environmental Science (the "Obligor"), Fifth Third Securities, Inc. (the "Underwriter"), or Fifth Third Bank, an Ohio banking corporation (the "Bank") to give information or to make any representations with respect to the Bonds, other than those contained in this Official Statement, and, if given or made, such other information or representations must not be relied upon as having been authorized by the Issuer, the Obligor, the Underwriter, the Bank, or any other entity. This Official Statement does not constitute an offer to sell or a solicitation of an offer to buy nor shall there be any sale of the Bonds by any persons in any jurisdiction in which it is unlawful to make such offer, solicitation or sale prior to registration or qualification under the securities laws of any such jurisdiction. This Official Statement is not to be construed as a contract with the purchasers of the Bonds.

The information set forth in this Official Statement has been obtained from the Issuer, the Obligor, the Bank and other sources that are believed to be reliable, but is not guaranteed as to accuracy or completeness, and is not to be construed as a representation, by the Underwriter. Statements contained in this Official Statement which involve estimates, forecasts or matters of opinion, whether or not expressly so described herein, are intended solely as such and are not to be construed as representations of fact. The information and expressions of opinion contained herein are subject to change without notice and neither the delivery of this Official Statement nor any sale made hereunder shall under any circumstances create any implication that there has been no change in the affairs of the Issuer or the Obligor or that the information contained herein is correct at any time subsequent to the date hereof. **EXCEPT FOR A VERY LIMITED DESCRIPTION OF THE OBLIGOR CONTAINED IN THIS OFFICIAL STATEMENT, NO INFORMATION WITH RESPECT TO THE OBLIGOR (FINANCIAL OR OTHERWISE) IS INCLUDED IN THIS OFFICIAL STATEMENT, AND THE OBLIGOR MAKES NO REPRESENTATION HEREIN CONCERNING ITS PRESENT OR FUTURE FINANCIAL CONDITION. POTENTIAL INVESTORS SHOULD BASE THEIR INVESTMENT DECISIONS WITH RESPECT TO THE BONDS *SOLELY* UPON THE CREDIT OF THE PROVIDER OF THE LETTER OF CREDIT SECURING THE BONDS, INITIALLY, FIFTH THIRD BANK. THIS OFFICIAL STATEMENT SHOULD NOT BE RELIED UPON IN DETERMINING WHETHER TO PURCHASE BONDS THAT ARE NOT IN THE VARIABLE RATE PERIOD AND SECURED BY A LETTER OF CREDIT.**

THE BONDS HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED, NOR HAS THE INDENTURE BEEN QUALIFIED UNDER THE TRUST INDENTURE ACT OF 1939, AS AMENDED, IN RELIANCE UPON EXEMPTIONS CONTAINED IN SUCH ACTS. THE REGISTRATION OR QUALIFICATION OF THE BONDS IN ACCORDANCE WITH APPLICABLE PROVISIONS OF SECURITIES LAWS OF THE STATES IN WHICH THE BONDS HAVE BEEN REGISTERED OR QUALIFIED AND THE EXEMPTION FROM REGISTRATION OR QUALIFICATION IN OTHER STATES CANNOT BE REGARDED AS A RECOMMENDATION THEREOF. NEITHER THESE STATES NOR ANY OF THEIR AGENCIES HAVE PASSED UPON THE MERITS OF THE BONDS OR THE ACCURACY OR COMPLETENESS OF THIS OFFICIAL STATEMENT. ANY REPRESENTATION TO THE CONTRARY MAY BE A CRIMINAL OFFENSE.

The Underwriter is not a bank but is a broker-dealer and an indirect subsidiary of Fifth Third Bancorp. Fifth Third Bancorp is a multi-bank holding company. Any obligations of the Underwriter are its sole obligations and do not create any obligations on the part of any affiliate of the Underwriter, including any affiliated banks. Securities sold, offered or recommended by the Underwriter are not deposits, are not insured by the Federal Deposit Insurance Corporation, are not guaranteed by any affiliated bank of the Underwriter and are not otherwise an obligation or responsibility of any such affiliated bank.

TABLE OF CONTENTS

	<u>Page</u>		<u>Page</u>
INTRODUCTORY STATEMENT	1	Obligations of the Academy Unconditional	23
THE ISSUER	3	Costs of Issuance	23
THE OBLIGOR	4	Indemnification of the Authority	23
THE PROJECT	5	Taxes and Other Costs	24
USE OF PROCEEDS	5	Maintenance of Legal Existence	24
THE BONDS	5	Transfer, Assignment and Leasing	25
General	5	Maintenance, Repair and Modification	25
Book-Entry Only System	6	Damage, Destruction and Condemnation	26
Limited Obligations	8	Defaults and Remedies	26
Security for the Bonds	9	Amendments to Installment Purchase Agreement	28
Interest Rates on the Bonds	9	THE INDENTURE	28
Conversion of Interest Rate on Bonds	11	Assignment and Security	28
Optional Tenders of Bonds	12	Bond Fund	28
Mandatory Tender of Bonds	12	Project Fund	30
Optional Tenders Occurring after Notice of		Investment of Funds	30
Mandatory Tender Date	13	Purchase of Tendered Bonds	32
Redemption of the Bonds	13	Defaults and Remedies	32
THE LETTER OF CREDIT	18	Discharge of Lien	35
Indenture Requirements	18	Supplemental Indentures	35
The Initial Letter of Credit	18	Trustee	36
Alternate Letter of Credit	19	THE REMARKETING AGREEMENT	36
THE REIMBURSEMENT AGREEMENT	20	THE STATE AID AGREEMENT	37
Reimbursement by the Obligor	20	TAX MATTERS	37
Fees, Commissions and Expenses	20	RISK FACTORS	37
Certain Affirmative and Negative Covenants	20	APPROVAL OF LEGAL PROCEEDINGS	40
Events of Default	21	POTENTIAL CONFLICT OF INTEREST	40
Security for Reimbursement Agreement	22	EXEMPTION FROM CONTINUING	
Indemnification of the Bank	22	DISCLOSURE REQUIREMENTS	41
THE INSTALLMENT PURCHASE		UNDERWRITING	41
AGREEMENT	22	MISCELLANEOUS	42
General	22		
Payment Obligations of the Obligor	23		
APPENDIX A		INFORMATION REGARDING FIFTH THIRD BANK	A-1
APPENDIX B		FORM OF OPINION OF BOND COUNSEL	B-1
APPENDIX C		FORM OF OPINION OF THE ATTORNEY GENERAL	C-1

OFFICIAL STATEMENT

\$2,615,000

**MICHIGAN PUBLIC EDUCATIONAL FACILITIES AUTHORITY
LIMITED OBLIGATION VARIABLE RATE DEMAND REVENUE BONDS
(WEST MICHIGAN ACADEMY OF ENVIRONMENTAL SCIENCE PROJECT),
SERIES 2003**

INTRODUCTORY STATEMENT

This Official Statement is provided to furnish information in connection with the issuance and sale by the Michigan Public Educational Facilities Authority (the “Authority” or “Issuer”) of \$2,615,000 aggregate principal amount of its Limited Obligation Variable Rate Demand Revenue Bonds (West Michigan Academy of Environmental Science Project), Series 2003 (the “Bonds”). The Bonds will be limited obligations of the Issuer as described under the caption “THE BONDS -- Limited Obligations.”

The Bonds will be issued under a Trust Indenture, dated as of December 1, 2003 (the “Indenture”), between the Issuer and Fifth Third Bank, as Trustee (the “Trustee”). The proceeds of the Bonds will be used to purchase the right to receive payments from the West Michigan Academy of Environmental Science (the “Obligor”) under the Installment Purchase Agreement (as defined below) and to pay certain costs of issuance relating to the Bonds. The Installment Purchase Agreement was entered into for the purpose of financing the acquisition and equipping of a public school academy facility and related Site improvements (the “Project”) operated by the Obligor. The Obligor will acquire the Project pursuant to the terms of the Installment Purchase Financing Agreement dated as of December 1, 2003 (the “Installment Purchase Agreement”) by and among the Issuer, F.C.C., Inc. (the “Seller” or the “Company”) and the Obligor. The Seller’s right to receive periodic payments and exercise remedies under the Installment Purchase Agreement will be assigned by the Seller to the Issuer and then to the Trustee pursuant to the terms of the Installment Purchase Agreement. The Obligor’s payments under the Installment Purchase Agreement (the “Academy Repayments”) will be sufficient to pay the principal of, premium, if any, purchase price and interest on the Bonds when due.

In order to ensure that the Obligor will meet its obligations under the Installment Purchase Agreement, the Obligor has assigned a portion (not exceeding twenty percent) of the state school aid funds to be received by the Obligor from the State of Michigan (the “Direct Payments”). Pursuant to the Amended and Restated State Aid Agreement (the “State Aid Agreement”) dated as of December 1, 2003, by and among the Obligor, the Trustee, the Issuer, Central Michigan University, as fiscal agent for the Obligor, and the State Treasurer, the Direct Payments are to be paid to the Trustee and used to pay the Obligor’s obligations under the Installment Purchase Agreement.

Concurrently with, and as a condition to, the issuance of the Bonds, the Obligor will cause to be delivered to the Trustee an irrevocable direct pay letter of credit dated the date of original issuance of the Bonds (the “Initial Letter of Credit”) of Fifth Third Bank, an Ohio banking corporation (the “Bank” which term shall mean, where appropriate, the issuer of any

Alternate Letter of Credit (as described under the caption “THE LETTER OF CREDIT – Alternate Letter of Credit”). The Initial Letter of Credit may be extended or replaced by a letter of credit of another commercial bank or branch or agency of a foreign commercial bank as described under the caption “THE LETTER OF CREDIT.” Under the Initial Letter of Credit or any Alternate Letter of Credit (the “Letter of Credit”), the Trustee will be entitled to draw up to an amount sufficient to pay (a) the principal of the Bonds or the portion of the purchase price corresponding to the principal of the Bonds and (b) up to 45 days accrued interest (at a maximum rate of 10% per annum) on the Bonds or that portion of the purchase price of the Bonds corresponding to accrued interest thereon. The Initial Letter of Credit will be issued pursuant to a Reimbursement Agreement, dated as of December 1, 2003 (the “Reimbursement Agreement”), between the Bank and the Obligor. The Obligor will agree in the Reimbursement Agreement to reimburse the Bank for drawings made under the Letter of Credit and to make certain other payments.

The obligations of the Obligor to make payments under the Installment Purchase Agreement are absolute and unconditional. The obligation of the Obligor to make the payments due under the Installment Purchase Agreement shall be deemed to be satisfied and discharged to the extent of corresponding payments made by the Bank to the Trustee pursuant to draws made under the Letter of Credit as described above.

As more fully described in this Official Statement and in the Indenture, Bondholders will have the option to tender Bonds for purchase at the principal amount thereof plus accrued interest to the date of purchase, on any Business Day, as defined herein, prior to and including the Conversion Date, as defined herein, upon seven calendar days’ notice. See “THE BONDS -- Optional Tenders of Bonds.” Bondholders are also required to tender their Bonds for purchase under certain circumstances as described herein. See “THE BONDS -- Mandatory Tender of Bonds.” In order to provide for the remarketing of tendered Bonds, the Obligor will enter into a Remarketing Agreement dated as of December 1, 2003 (the “Remarketing Agreement”) between the Obligor and Fifth Third Securities, Inc., with its principal office in Cincinnati, Ohio (referred to herein in such capacity as the “Remarketing Agent”).

NEITHER THE FULL FAITH AND CREDIT NOR THE TAXING POWER OF THE ISSUER, THE STATE OF MICHIGAN, CENTRAL MICHIGAN UNIVERSITY NOR ANY OTHER POLITICAL SUBDIVISION OR AGENCY OF THE STATE OF MICHIGAN IS PLEDGED FOR THE OBLIGOR’S OBLIGATION TO MAKE PAYMENTS UNDER THE INSTALLMENT PURCHASE AGREEMENT OR FOR THE PAYMENT OF THE PRINCIPAL OF, PREMIUM, IF ANY, PURCHASE PRICE OF, OR INTEREST ON, THE BONDS.

This Official Statement is intended to be used only for Bonds that are (i) in the Variable Rate Period, (ii) secured by a Letter of Credit and (iii) registered in the name of a nominee of The Depository Trust Company (“DTC”). This Official Statement should not be relied upon in determining whether to purchase Bonds that are not in the Variable Rate Period and secured by a Letter of Credit. Potential investors are hereby notified that they are purchasing the Bonds based SOLELY on the credit of the issuer of the Letter of Credit (initially, Fifth Third Bank) as hereinafter described and, except for a very limited description of the Obligor contained herein, no information (financial or otherwise) is included in this

Official Statement concerning the Obligor, nor is the Obligor required to provide any ongoing continuing secondary market information. Neither the Project nor any of the Obligor's buildings or other property is mortgaged or pledged as security for its obligations under the Installment Purchase Agreement.

Brief descriptions of the Issuer, the Obligor, the Project, the Bonds, the Letter of Credit, the Reimbursement Agreement, the Installment Purchase Agreement, the Indenture, the Remarketing Agreement and the State Aid Agreement are included herein. A brief description of the Bank is included as Appendix A hereto and the form of opinion of Bond Counsel is included as Appendix B hereto and the form of the opinion of the Attorney General of the State of Michigan is included as Appendix C hereto. Such descriptions do not purport to be comprehensive or definitive. All statements made herein with respect to the Installment Purchase Agreement, the Indenture, the State Aid Agreement, the Remarketing Agreement and the Reimbursement Agreement are qualified in their entirety by reference to such documents, and statements made herein regarding the Bonds are qualified in their entirety by reference to the form thereof included in the Indenture and the information with respect thereto included in the aforementioned documents, copies of all of which are available for inspection at the principal corporate trust office of the Trustee, at its office at 1850 East Paris, Grand Rapids, Michigan 49546, Attention: Corporate Trust Administration.

THE ISSUER

The Authority is a public body corporate and politic of the State of Michigan (the "State"), created by Executive Order 2002-3, compiled at §12.192 of the Michigan Compiled Laws, and is housed within the Michigan Department of Treasury. The Authority was established for, among other purposes, the purpose of lending money to public school academies within the State for financing or refinancing the acquisition, construction and equipping of public school facilities and for other purposes. In order to effectuate such purposes, the Authority is authorized to issue its bonds or notes and to make money available to public school academies by the purchase of, among other things, installment purchase agreements.

The Authority is governed by a Board of Trustees (the "Board"). The members of the Board are appointed by the Governor of the State with the advice and consent of the State Senate. The members serve for various terms and continue to serve until successors are appointed and file the oath of office. The members of the Board are:

Yvonne Blackmond	Director of the Office of Drug Control Policy Lansing, Michigan
Mark J. Burzych, Chairperson	Partner Foster, Swift, Collins & Smith, P.C. Lansing, Michigan
Eldon G. Hancock	Management Consultant E.G. Hancock Consulting Lansing, Michigan

Timothy A. Hoffman

Director of Regulatory Affairs
Consumers Energy
Jackson, Michigan

Jay B. Rising

State Treasurer
Lansing, Michigan

The Indenture provides that the covenants, stipulations, promises, agreements and obligations of the Authority contained in the Indenture are those of the Authority and not of any member of the Board or any officer or employee of the Authority in his or her individual capacity and that no recourse shall be had for the payment of the principal of or interest on the Bonds or for any claim based thereon or on the Indenture against any member of the Board, any officer or employee of the Authority or any person executing the Bonds.

The Authority is housed within the State Department of Treasury but exercises its statutory functions independently of the State Treasurer. The Authority's address is Treasury Building, 430 West Allegan Street, Lansing, Michigan 48922, and its telephone number is (517) 373-3199.

The Executive Director of the Authority is Thomas J. Letavis.

The Bonds are limited obligations of the Issuer as described in this Official Statement. The Issuer is not generally liable on the Bonds or on any other obligation incurred by the Issuer under the Indenture or the Installment Purchase Agreement. The Bonds are not general obligations and do not constitute debts or pledges against the credit of the Issuer or the credit or taxing power of the State of Michigan. The Bonds are limited obligations of the Issuer, which will, if and when issued, be payable solely through revenues, properties or other funds as described in this Official Statement, the Indenture and the Installment Purchase Agreement. No owner of any Bond shall have the right to demand payment of the principal of, premium, if any, purchase price of, or interest on such Bond out of any funds to be raised by taxation. The Issuer has no taxing power.

The Issuer has not prepared any material for inclusion in this Official Statement except the matters under the heading "THE ISSUER." The distribution of this Official Statement has been duly approved and authorized by the Issuer. Such approval and authorization do not, however, constitute a representation of approval by the Issuer of the accuracy or sufficiency of any information contained herein except to the extent of the information contained in this section.

THE OBLIGOR

West Michigan Academy of Environmental Science is a public school academy organized under the laws of the State of Michigan.

Investors are cautioned that the Bonds are being marketed and sold on the basis of the credit of the Bank, as issuer of the Letter of Credit, and not on the basis of the credit of the Obligor or the financial viability of the Project. No attempt is made in this Official

Statement to describe the Obligor or its operations in a manner that could enable purchasers of the Bonds to assess the creditworthiness of the Obligor. Accordingly, in deciding whether to invest in the Bonds, potential investors should not rely upon the ability of the Obligor to make the required payments under the Installment Purchase Agreement.

THE PROJECT

The proceeds of the Bonds will be used to purchase the right to receive payments from the Obligor under the Installment Purchase Agreement, which was entered into for the purpose of financing the constructing and equipping of an approximately 30,000 square foot public school academy facility for the Obligor, and related Site improvements, located in Walker, Michigan (the “Project”) and to pay the costs of issuing the Bonds.

USE OF PROCEEDS

The proceeds of the initial sale and delivery of the Bonds will be deposited with the Trustee in a special depository account entitled the “Project Fund” and such proceeds, including any investment income thereon, shall be disbursed by the Trustee to pay Project costs, including costs of issuance of the Bonds. The sources and uses of funds to pay the costs of the Project are estimated to be as follows:

Sources of Funds:	
Bond Proceeds	\$2,615,000.00
Total Sources	<u>\$2,615,000.00</u>
Uses of Funds:	
Project Costs	\$2,423,791.86
Letter of Credit Fees and Expenses	58,683.60
Costs of Issuance (1)	<u>132,524.54</u>
Total Uses	<u>\$2,615,000.00</u>

(1) Including Underwriter’s fee.

THE BONDS

Reference is made to the Indenture and the form of the Bonds included therein for the detailed provisions of the Bonds.

General

The Bonds will be dated the date of the original issuance thereof, and will mature, unless sooner paid, on December 1, 2018. As more fully provided below under the caption “THE BONDS -- Book-Entry Only System,” one fully registered Bond will be delivered to DTC and transfers of ownership interests in the Bonds will be made only by computerized book entries (the “Book-Entry System”). So long as the Bonds are registered in the name of Cede & Co., as nominee of DTC, principal of, premium, if any, and interest on the Bonds will be paid as described under the caption “THE BONDS -- Book Entry Only System.” If, however, the Book-Entry System is discontinued, then the Bonds will be issued as registered Bonds prior to the Conversion Date (as hereinafter defined) in denominations of \$100,000 or any integral multiple

of \$5,000 in excess thereof, and on and after the Conversion Date in denominations of \$5,000 each or any integral multiple thereof (the “Authorized Denominations”), and the Bonds may be transferred upon presentation at the principal corporate trust office of the Trustee without charge except that any tax or other governmental charge required to be paid in connection with a transfer must be paid as a condition to the exercise of the transfer privilege. As used herein, the term “Conversion Date” shall mean the day on which the interest rate on the Bonds shall be converted from a variable rate to a fixed rate in accordance with the Indenture.

Interest on the Bonds is payable (i) prior to the Conversion Date on the first Business Day of each month, commencing on January 2, 2004, (ii) on the Conversion Date, and (iii) from and after the Conversion Date, on June 1 and December 1 of each year (each such date being an “Interest Payment Date”) to the owners of record as of the close of business on the Record Date preceding any Interest Payment Date. During the Variable Rate Period the “Record Date” means, with respect to each Interest Payment Date, the Trustee’s close of business on the Business Day preceding such Interest Payment Date. Prior to the Conversion Date, interest shall be computed on the basis of 365 or 366 days, as applicable, for the actual number of days elapsed and following the Conversion Date, shall be computed on the basis of 360 days consisting of twelve 30-day months.

Book-Entry Only System

The following information concerning DTC and DTC’s book-entry system has been obtained from DTC and contains statements that are believed to describe accurately DTC, the method of effecting book-entry transfers of securities distributed through DTC and certain related matters, but the Issuer, the Obligor and the Underwriter take no responsibility for the accuracy of such statements.

The Depository Trust Company (“DTC”), New York, New York, will act as securities depository for the Bonds. The Bonds will be issued as fully-registered securities registered in the name of Cede & Co. (DTC’s partnership nominee). One fully-registered security certificate will be issued for each maturity of the Bonds, in the aggregate principal amount of such maturity, and will be deposited with DTC.

DTC, the world’s largest depository, is a limited-purpose trust company organized under the New York Banking Law, a “banking organization” within the meaning of the New York Banking Law, a member of the Federal Reserve System, a “clearing corporation” within the meaning of the New York Uniform Commercial Code, and a “clearing agency” registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 2 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments from over 85 countries that DTC’s participants (“Direct Participants”) deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants’ accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation (“DTCC”). DTCC, in turn, is owned

by a number of Direct Participants of DTC and Members of the National Securities Clearing Corporation, Government Securities Clearing Corporation, MBS Clearing Corporation, and Emerging Markets Clearing Corporation, (NSCC, GSCC, MBSCC, and EMCC, also subsidiaries of DTCC), as well as by the New York Stock Exchange, Inc., the American Stock Exchange LLC, and the National Association of Securities Dealers, Inc. Access to the DTC System is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly (“Indirect Participants”). DTC has Standard & Poor’s highest rating: AAA. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com.

Purchases of the Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Bonds on DTC’s records. The ownership interest of each actual purchaser of each Bond (“Beneficial Owner”) is in turn to be recorded on the Direct and Indirect Participants’ records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Bonds are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interest in the Bonds, except in the event that use of the book-entry system for the Bonds is discontinued.

To facilitate subsequent transfers, all Bonds deposited by Direct Participants with DTC are registered in the name of DTC’s partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of Bonds with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Bonds; DTC’s records reflect only the identity of the Direct Participants to whose accounts such Bonds are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Beneficial Owners of the Bonds may wish to take certain steps to augment transmission to them of notices of significant events with respect to the Bonds, such as redemptions, tenders, defaults, and proposed amendments to the security documents. For example, Beneficial Owners of Bonds may wish to ascertain that the nominee holding the Bonds for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the registrar and request that copies of the notices be provided directly to them.

Redemption notices shall be sent to DTC. If less than all of the Bonds within an issue are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such issue to be redeemed.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to the Bonds unless authorized by a Direct Participant in accordance with DTC's Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the Issuer as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts the Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Payments of principal, premium, if any, and interest on the Bonds will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participant's accounts upon DTC's receipt of funds and corresponding detail information from the Trustee, on payable dates in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC nor its nominee, the Issuer or the Trustee, subject to any statutory or regulatory requirements as may be in effect from time to time. Payments of redemption proceeds, distributions, and dividend payments to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the Trustee, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

A Beneficial Owner shall give notice to elect to have its Bond tendered for purchase, through its Participant, to the Trustee and the Remarketing Agent, and shall effect delivery of such Bond by causing the Direct Participant to transfer the Participant's interest in the Bond, on DTC's records, to the Trustee. The requirement for physical delivery of Bonds in accordance with an optional tender for purchase will be deemed satisfied when the ownership rights in the Bonds are transferred by Direct Participants on DTC's records and followed by a book-entry credit of tendered Bonds to the Trustee's DTC account.

DTC may discontinue providing its services as securities depository with respect to the Bonds at any time by giving reasonable notice to the Issuer or the Trustee. Under such circumstances, in the event that a successor securities depository is not obtained, Bond certificates are required to be printed and delivered.

The Issuer may decide to discontinue use of the system of book-entry transfers through DTC (or a successor securities depository). In that event, Bond certificates will be printed and delivered to Bondholders.

Limited Obligations

Neither the Issuer nor the State of Michigan nor Central Michigan University shall be obligated to pay the Bonds or the interest thereon or other costs incident thereto, except that the

Issuer shall be obligated to make such payments solely from the security for the Bonds described below. Neither the faith and credit of the Issuer and Central Michigan University nor the taxing power of the State of Michigan is pledged to the payment of the principal of, premium, if any, purchase price of, or the interest on, the Bonds. The Bonds are not general obligations of the Issuer, but are limited obligations payable solely from certain amounts payable by the Obligor under the Installment Purchase Agreement and other moneys pledged therefor under the Indenture. The Issuer has no taxing power.

Security for the Bonds

The principal security for the Bonds consists of the right of the Trustee to draw upon the Letter of Credit (see "THE LETTER OF CREDIT") and of the unconditional obligation of the Obligor under the Installment Purchase Agreement to make the Academy Repayments in amounts sufficient to allow the Issuer to make its corresponding payments of the principal, premium, if any, and interest due on the Bonds.

In the Indenture, the Issuer will pledge and assign to the Trustee all of the following for the payment of the Bonds: (i) all payments received under the Installment Purchase Agreement, which payments are to be paid directly by the Obligor to the Trustee and deposited in the Bond Fund; (ii) all moneys in the Bond Fund and the Project Fund, including the proceeds of the Bonds pending disbursement thereof; (iii) all of the Issuer's rights and interests in the Installment Purchase Agreement, except the right to make all determinations and approvals and receive all notices accorded it under the Installment Purchase Agreement and to enforce in its name and for its benefit certain provisions of the Installment Purchase Agreement with respect to the Issuer's fees and expenses and indemnity payments, as the interests of the Issuer and related persons shall appear (the "Unassigned Rights"); and (iv) all of the proceeds of the foregoing, including without limitation, investments thereof. The foregoing are collectively referred to as the "Security."

The rights of the Bondholders and the Trustee as to payment of the Bonds are subject to applicable bankruptcy, insolvency and similar laws and principles of equity and public policy affecting creditors' rights generally.

Interest Rates on the Bonds

Prior to the Conversion Date. Interest on the Bonds will be payable at the Variable Rate (as hereinafter defined) from the date of original issue until the earlier of the Conversion Date or the date of payment in full of the Bonds (the "Variable Rate Period"). During the Variable Rate Period, the Variable Rate shall be determined on the basis of a 365/366-day year, actual number of days elapsed, by the Remarketing Agent, by 4:30 p.m. Detroit, Michigan time on each Thursday (or the immediately preceding Business Day if such Thursday is not a Business Day) and shall be the minimum rate necessary (as determined by the Remarketing Agent based on the examination of tax-exempt obligations comparable to the Bonds known to the Remarketing Agent to have been priced or traded under then-prevailing market conditions) for the Remarketing Agent to sell the Bonds on the effective date of such Variable Rate at their principal amount (without regard to accrued interest). The first Variable Rate shall apply to the period beginning on the Issue Date and ending on the next Thursday. Thereafter, each Variable Rate

shall apply to the period beginning on the Friday of the week in which such Variable Rate is set and ending on the following Thursday, or if earlier, ending on the Conversion Date. Notwithstanding the foregoing, the Variable Rate shall not exceed the lesser of 10% per annum or the maximum rate permitted by applicable law (the “Maximum Rate”). If no Remarketing Agent is serving under the Indenture, or if for any reason the Remarketing Agent has not determined the Variable Rate on a Thursday (or the immediately preceding Business Day if such Thursday is not a Business Day), the Variable Rate shall be equal to the BMA Municipal Swap Index plus 50 basis points, provided that if such index is no longer provided by Municipal Market Data, Inc. or its successor, the rate shall be equal to the J.J. Kenny Index plus 50 basis points, or if such index is not available, such other index (or percentage of an index) deemed appropriate for tax-exempt securities of the nature of the Bonds as the Remarketing Agent may have previously selected. The Trustee shall promptly notify the Bondholders, the Obligor and the Issuer by first-class mail of any change in the interest rate determination method as described in the preceding sentence.

“*BMA Municipal Swap Index*” means the Bond Market Association Municipal Swap Index as of the most recent date for which such index was published or such other weekly, high-grade index comprised of seven-day, tax-exempt variable rate demand notes produced by Municipal Market Data, Inc. or its successor, or otherwise designated by the Bond Market Association.

“*Business Day*” means any day other than (i) a Saturday, (ii) a Sunday, (iii) a day on which banking institutions in the city in which the principal corporate trust office of the Trustee (or its bond registrar, paying agent or tender agent offices) is located or the principal office of the Remarketing Agent is located or the office of the Bank at which action is to be taken to realize moneys under the Letter of Credit are required or authorized by law or executive order to be closed, or (iv) a day on which the New York Stock Exchange is closed.

“*J.J. Kenny Index*” means, as of any date, the index of 30-day yields on high-grade tax-exempt municipal bonds as determined by J.J. Kenny Co., Inc. or any successor thereto and published on such date (and, if not published on such date, on the most recent day prior thereto on which such index shall have been so published).

On and after the Conversion Date. The Bonds shall bear interest at a fixed annual rate of interest (the “Fixed Rate”) on and after the Conversion Date (the “Fixed Rate Period”). The Fixed Rate for the Bonds shall be determined, on the basis of a 360-day year consisting of twelve months of 30 days each, by the Remarketing Agent on a date which is not more than twenty (20) Business Days nor less than five (5) Business Days prior to the Proposed Conversion Date (the “Computation Date”) and shall be the rate determined by the Remarketing Agent on the Computation Date to be the rate which, if borne by the Bonds would, in the judgment of the Remarketing Agent having due regard to prevailing market conditions for tax-exempt revenue bonds or other tax-exempt securities comparable to the Bonds, be the interest rate necessary, but would not exceed the interest rate necessary, to enable the Remarketing Agent to remarket the Bonds tendered (or deemed to have been tendered) for purchase at a price of par (exclusive of accrued interest, if any) on the Conversion Date; provided, however, that the Fixed Rate shall not exceed the maximum rate permitted by applicable law. If for any reason the Remarketing Agent fails to determine the Fixed Rate by the close of business on the fifth Business Day preceding the

Proposed Conversion Date, the Bonds shall continue to bear interest at the Variable Rate determined in accordance with the Indenture.

In determining the interest rate that the Bonds shall bear as provided herein, neither the Remarketing Agent nor the Trustee shall have any liability to the Issuer, the Obligor, the Trustee or any Bondholder except for its gross negligence or willful misconduct.

Conversion of Interest Rate on Bonds

During the Variable Rate Period, the interest rate on the Bonds, at the option of the Obligor, shall be converted from the Variable Rate to the Fixed Rate, upon delivery by the Obligor to the Trustee, the Remarketing Agent, the Bank and the Issuer:

(1) on any Business Day during the Variable Rate Period, of a notice (the “Conversion Notice”) stating (i) that the Obligor intends to convert the interest rate on the Bonds to the Fixed Rate and specifying the proposed Conversion Date (the “Proposed Conversion Date”), which date shall be at least 45 days after the date on which the Trustee receives the Conversion Notice; and (ii) that the Bonds will be secured by a Letter of Credit during the Fixed Rate Period; and

(2) by 10:00 a.m. Detroit, Michigan time on the Proposed Conversion Date, of (i) an opinion of nationally recognized bond counsel acceptable to the Issuer and the Trustee to the effect that such change is not prohibited by the laws of the State or by the Indenture and will not adversely affect any exclusion from gross income for federal income tax purposes of interest on the Bonds (a “Favorable Opinion of Bond Counsel”) as to the conversion of the interest rate on the Bonds; (ii) an amendment to the Letter of Credit then in effect or an Alternate Letter of Credit, in either case to be effective on the Proposed Conversion Date and meeting the requirements of the Indenture; and (iii) a written undertaking by the Obligor, satisfactory in form and substance to the Remarketing Agent and the Issuer, whereby the Obligor agrees to comply with the continuing disclosure requirements of subsection (b)(5) of Rule 15c2-12 promulgated by the Securities and Exchange Commission pursuant to the Securities Exchange Act of 1934, as amended, as then applicable; provided, however, that the Obligor shall not be required to make such a written undertaking if the Remarketing Agent provides the Issuer, the Trustee and the Obligor with an opinion of counsel that an exemption from compliance with Rule 15c2-12 is available.

If (i) the Trustee receives written notification from the Obligor by the close of business on the Computation Date of the Obligor’s decision not to elect the conversion of the interest rate on the Bonds to the Fixed Rate on the Proposed Conversion Date, or (ii) the Obligor fails to satisfy the conditions of paragraph (2) above, or (iii) the Remarketing Agent fails to determine the Fixed Rate by the close of business on the fifth Business Day preceding the Proposed Conversion Date, the interest rate on the Bonds shall not be converted to the Fixed Rate on the Proposed Conversion Date. In such event, the Bonds will bear interest for the remaining portion of the current interest rate period at the Variable Rate then in effect, or for an interest rate period at the Variable Rate in effect for the immediately preceding interest rate period, and will continue to remain outstanding in accordance with the terms of the Indenture as if no such election had been made by the Obligor to convert the interest rate borne by the Bonds to the

Fixed Rate; provided, however, that the Bonds will continue to be subject to mandatory tender on the Proposed Conversion Date as described below under “THE BONDS -- Mandatory Tender of Bonds.”

The Bonds shall not be subject to mandatory tender or the demand purchase option described below after the Conversion Date.

Optional Tenders of Bonds

During the Variable Rate Period, each Beneficial Owner of a beneficial interest in the Bonds (other than Pledged Bonds and Obligor Bonds) may give written notice to the Remarketing Agent of a demand for purchase of such Beneficial Owner’s beneficial interest (or portion thereof, provided that the portion thereof tendered is an Authorized Denomination; and provided, further, that the portion thereof retained is an Authorized Denomination) on any Business Day at a price equal to 100% of the principal amount of such beneficial interest (or authorized portion thereof) plus accrued and unpaid interest thereon to the date of purchase. Each such beneficial interest (or authorized portion thereof) will be purchased on the date designated by the Beneficial Owner; provided, however, such date must be a Business Day occurring not prior to the seventh day next succeeding the date of delivery of such notice. Delivery of notice will be effective upon receipt but only if accomplished on a Business Day. Any such notice will be irrevocable and shall state (i) the name and address of the Beneficial Owner, (ii) the principal amount of such beneficial interest (and the portion thereof to be tendered, if less than the full principal amount is to be tendered) and (iii) the date on which such beneficial interest will be so purchased. Such beneficial interests will be deemed to have been surrendered for purchase on the purchase date specified in the notice.

A Beneficial Owner will not have the right to optionally tender its beneficial interests in its Bonds for purchase when the Bonds are in the Fixed Rate Period.

Mandatory Tender of Bonds

During the Variable Rate Period, each Bond (or beneficial interest therein) (other than a Pledged Bond or a Obligor Bond) is subject to mandatory tender, for purchase on each date described below:

- (i) on each Proposed Conversion Date;
- (ii) on the date upon which an Alternate Letter of Credit is to be substituted for the Letter of Credit then in effect during the Variable Rate Period;
- (iii) on the Interest Payment Date next preceding the expiration date of the Letter of Credit then in effect (as such date may be extended from time to time by the Bank, the “Stated Expiration Date”), if the Trustee has not received at least 45 days (or such shorter period as shall be acceptable to the Trustee, but not less than 30 days) prior to the Interest Payment Date next preceding such Stated Expiration Date either an extension of the then existing Letter of Credit or an Alternate Letter of Credit; and

(iv) on each optional redemption date for which the Obligor with the written consent of the Bank has elected to purchase Bonds in lieu of an optional redemption.

At least 20 days, but not more than 45 days, prior to each mandatory tender date, the Trustee shall give notice of such mandatory tender by first class mail to the holders of all Bonds at their addresses appearing on the registration books of the Issuer maintained by the Trustee (the “Bond Register”). Such notice of mandatory tender shall (i) specify the mandatory tender date and the reason for the mandatory purchase on such date, (ii) if such mandatory tender date is a Proposed Conversion Date, state that such conversion to the Fixed Rate will not occur if the conditions described in the Indenture are not satisfied but that such mandatory tender will still occur on the Proposed Conversion Date, and (iii) state that all Bonds are subject to mandatory tender for purchase (or, if the Bonds are held in a book-entry only system, that the beneficial interests in the affected Bonds are subject to mandatory tender for purchase).

The failure by the Trustee to give any such notice of mandatory tender for purchase, or any defect therein, shall not in any way change the rights of the Bondholders to have their Bonds (or beneficial interests therein) purchased on any such mandatory tender date or extend the period during which Bonds (or beneficial interests therein) may be mandatorily tendered for purchase. Any mandatory tender notice mailed as provided for herein shall be conclusively presumed to have been given, whether or not the Bondholder receives such notice.

Beneficial interests in Bonds that are subject to mandatory tender for purchase, for which there has been irrevocably deposited with the Remarketing Agent or in trust with the Trustee on or prior to such mandatory tender date an amount of money sufficient to pay the purchase price thereof on such mandatory tender date, will be deemed to have been surrendered for purchase on such mandatory tender date.

No owner of beneficial interests in Bonds deemed surrendered for purchase pursuant to the immediately preceding paragraph shall be entitled to any payment (including interest to accrue subsequent to the related mandatory tender date) other than the purchase price for such beneficial interests and any such beneficial interests shall no longer be entitled to the benefit and security of the Indenture, except for the purpose of the payment of the purchase price thereof.

Optional Tenders Occurring after Notice of Mandatory Tender Date

Any beneficial interest optionally tendered for purchase after the date on which the Trustee has notified the affected Bondholders of a mandatory tender date as described above will not be remarketed unless the purchaser has been notified by the Remarketing Agent of the required mandatory tender for purchase. Any such notice will contain the same provisions as the mandatory tender notice delivered by the Trustee to the Bondholders as described above. Any purchaser so notified must deliver a notice to the Trustee and the Remarketing Agent stating that such purchaser will tender its beneficial interest for purchase on the related mandatory tender date.

Redemption of the Bonds

The Bonds are not subject to redemption prior to maturity except as hereinafter provided.

Optional Redemption. On or prior to the Conversion Date, the Bonds are subject to redemption at any time prior to maturity, at the option of the Obligor, as a whole or in part in Authorized Denominations, at a redemption price of 100% of the principal amount thereof to be redeemed plus accrued interest to the date fixed for redemption, upon receipt by the Trustee not less than forty-five (45) days (or such shorter period as shall be acceptable to the Trustee, but not less than 30 days) prior to such redemption date of a written direction from the Obligor stating that it intends to exercise its option to prepay Academy Repayments due under the Installment Purchase Agreement and thereby effect redemption of all or a portion of the Bonds.

After the Conversion Date, the Bonds are subject to redemption prior to maturity, at the option of the Obligor, on or after the dates specified below, in whole at any time or in part in Authorized Denominations on any Interest Payment Date, at the redemption prices (expressed as percentages of principal amount) set forth in the following table plus accrued interest to the redemption date, upon receipt by the Trustee not less than forty-five (45) days (or such shorter period as shall be acceptable to the Trustee, but not less than 30 days) prior to such redemption date of a written direction from the Obligor stating that it intends to exercise its option to prepay the Academy Repayments due under the Installment Purchase Agreement and thereby effect redemption of all or a portion of the Bonds as follows:

Length of Period from the Interest Payment Date Immediately Succeeding the Conversion Date to the Maturity Date	Redemption Price as a Percentage of Principal Amount (measured from and including the Interest Payment Date Immediately Succeeding the Conversion Date)
greater than 10 years	after 8 years at 102%, declining 1% annually to 100%
less than or equal to 10 and greater than 7 years	after 5 years at 102%, declining by 1% annually to 100%
less than or equal to 7 and greater than 4 years	after 3 years at 102%, declining by 1% annually to 100%
less than or equal to 4 years	not subject to optional redemption.

At the election of the Obligor, contained in the notice of election to convert to the Fixed Rate Period from the Obligor to the Issuer, the Trustee, the Bank and the Remarketing Agent, the Bonds bearing interest at the Fixed Rate may be subject to optional redemption on terms different from those set forth above, if approved by the Issuer in a supplemental indenture delivered prior to the Conversion Date, and as shall be specified in such notice, but only if such notice is accompanied by an opinion of Bond Counsel to the effect that such change in the redemption features is authorized and permitted by the Installment Purchase Agreement and the Indenture and will not adversely affect the validity of the Bonds or the exclusion of the interest thereon from the gross income of the owners thereof for federal income tax purposes.

During the Variable Rate Period, the Obligor shall have the option to cause the Bonds to be subject to mandatory tender and purchase in lieu of an optional redemption of Bonds as described above. Such option may be exercised by delivery by the Obligor to the Trustee and the

Remarketing Agent on or prior to the Business Day preceding the optional redemption date of a written notice specifying that the Bonds shall not be redeemed, but instead shall be subject to mandatory tender and purchase. Upon delivery of such notice, the Bonds shall not be redeemed but will instead be subject to mandatory tender and purchase at a purchase price equal to the price at which the Bonds would have been redeemed on the date which would have been the optional redemption date.

Mandatory Redemption During the Variable Rate Period. The Bonds shall be subject to mandatory redemption in part by lot at a redemption price of 100% of the principal amount thereof plus accrued interest to the redemption date prior to maturity in the following principal amounts on the dates set forth below:

<u>December 1</u>	<u>Amount</u>
2004	\$180,000
2005	180,000
2006	180,000
2007	180,000
2008	180,000
2009	180,000
2010	180,000
2011	180,000
2012	180,000
2013	180,000
2014	180,000
2015	180,000
2016	180,000
2017	180,000
2018	95,000*

* Final Maturity.

Mandatory Redemption Upon Determination of Taxability. The Bonds shall be subject to mandatory redemption prior to maturity, as a whole and not in part, on the earliest practicable date for which notice can be given following the occurrence of a Determination of Taxability, at a redemption price equal to 100% of the principal amount thereof plus accrued interest to the redemption date.

As used herein, the term “*Determination of Taxability*” means a determination that the interest income on any of the Bonds is included in gross income for federal income tax purposes, which determination shall be deemed to have been made upon the occurrence of the first to occur of the following:

1. the day on which the Obligor is advised in writing by the Commissioner or any District Director of the Internal Revenue Service that, based upon any filings of the Obligor, or upon any review or audit of the Obligor, or upon any other grounds whatsoever, the interest on the Bonds is includable for federal income tax purposes in the gross income of any current or former holder or Beneficial Owner thereof;

2. the day on which the Obligor receives notice from the Trustee in writing that the Trustee has been advised in writing by any current or former holder or Beneficial Owner of a Bond that the Internal Revenue Service has issued a statutory notice of deficiency or similar notice to such current or former holder or Beneficial Owner which asserts in effect that the interest on the Bonds received by such current or former holder or Beneficial Owner is includable for federal income tax purposes in the gross income of such current or former holder or Beneficial Owner;

3. the day on which the Obligor is advised in writing by the Commissioner or any District Director of the Internal Revenue Service that there has been issued a public or private ruling of the Internal Revenue Service or a technical advice memorandum issued by the national office of the Internal Revenue Service that the interest on the Bonds is includable for federal income tax purposes in the gross income of any current or former holder or Beneficial Owner of a Bond;

4. the day on which the Obligor is advised in writing that a final determination, from which no further right of appeal exists, has been made by a court of competent jurisdiction in the United States of America in a proceeding with respect to which the Obligor has been given written notice and an opportunity to participate and defend that the interest on the Bonds is includable for federal income tax purposes in the gross income of any current or former holder or Beneficial Owner of a Bond; or

5. the date specified in a written opinion to the Obligor from Bond Counsel (as defined in the Indenture) as the day on which interest on the Bonds first became or will become includable for federal income tax purposes in the gross income of any current or former holder or Beneficial Owner of a Bond; provided, however, no Determination of Taxability shall occur under subparagraph (1), (2) or (3) of this definition unless the Obligor has been afforded the opportunity, at its expense, to contest any such conclusion and/or assessment after furnishing the Trustee, the Issuer and the Bank, within 30 days after the occurrence of an event described in subparagraph (1), (2) or (3) of this definition, with an opinion of Bond Counsel to the effect that there is a reasonable likelihood that the Obligor will prevail in such contest and, further, no Determination of Taxability shall occur until such contest, if made, has been finally determined. The Obligor shall promptly notify the Trustee and the Issuer of any event described in subparagraph (1), (3), (4) or (5) of this definition and shall further promptly notify the Trustee and the Issuer of any final determination if the Obligor has contested under subparagraph (1), (2) or (3) of this definition. The Obligor shall be deemed to have been afforded the opportunity to contest the occurrence of a Determination of Taxability if it shall have been permitted to commence and maintain any action in the name of any current or former holder or Beneficial Owner of a Bond to judgment and through any appeals therefrom or other proceedings related thereto.

Mandatory Redemption Upon Expiration of Letter of Credit During the Fixed Rate Period Only. If, at least 45 days prior to the Interest Payment Date next preceding the Stated Expiration Date of the Letter of Credit then in effect, the Trustee has not been provided with an extension of such Letter of Credit or an Alternate Letter of Credit meeting the requirements of the Indenture, then the Bonds will be subject to mandatory redemption on the Interest Payment Date next preceding such Stated Expiration Date at a redemption price determined as the lesser

of (a) 102% of the principal amount thereof plus accrued interest to the redemption date, or (b) the redemption price which would apply as of the redemption date if the Bonds were optionally redeemed pursuant to the Indenture.

Mandatory Redemption from Insurance and Condemnation Proceeds. The Bonds are subject to mandatory redemption in whole at any time or in part (and if in part in Authorized Denominations; provided that no Bond may be redeemed in part if the principal amount to be outstanding following such partial redemption is not an Authorized Denomination) on any Interest Payment Date, at a redemption price equal to 100% of the aggregate principal amount of the Bonds to be redeemed plus accrued interest to the redemption date, in an amount equal to any insurance or condemnation proceeds deposited with the Trustee for the purpose of redemption pursuant to the Installment Purchase Agreement. During any period in which a Letter of Credit secures the Bonds, such redemption shall be effected by a drawing under the Letter of Credit and the Trustee shall use such insurance or condemnation proceeds to reimburse the Bank for such drawing pursuant to the Reimbursement Agreement.

Partial Redemption. If less than all the outstanding Bonds are called for redemption, the Trustee shall select, or arrange for the selection of, the Bonds to be redeemed by lot, in such manner as it shall in its discretion determine; provided that any such Bonds selected for redemption shall be in Authorized Denominations and no Bond may be redeemed in part if the principal amount to be outstanding following such partial redemption is not an Authorized Denomination. Notwithstanding the foregoing, (i) Pledged Bonds and (ii) Bonds (other than Pledged Bonds) owned or held by the Obligor (or any affiliate of the Obligor) and registered in the name of the Obligor (or any affiliate of the Obligor) or in the name of a nominee designated by the Obligor (or any affiliate of the Obligor) ("Obligor Bonds"), in that order, shall be first selected by the Trustee for redemption before any other Bonds are selected for redemption.

Notice of Redemption. Notice of redemption shall be mailed by the Trustee by first class mail, at least 30 days but not more than 45 days before any redemption date to the registered owner of each Bond to be redeemed in whole or in part at its last address appearing on the Bond Register; provided, however, that failure to give such notice by mailing, or any defect therein, shall not affect the validity of any proceedings for the redemption of any Bond, or portion thereof with respect to which no such failure or defect has occurred; and provided, further, that so long as the Letter of Credit is in effect, the Trustee shall not give notice of any optional redemption unless the Bank has consented in writing to such redemption. Any notice mailed as provided above shall be conclusively presumed to have been duly given, whether or not the Bondholder receives the notice. Additional notices of redemption may be given in accordance with the Indenture. All Bonds so called for redemption will cease to bear interest on the specified date set for redemption, provided moneys for their redemption have been duly deposited with the Trustee pursuant to the Indenture and, thereafter, the holders of such Bonds called for redemption shall have no rights in respect thereof except to receive payment of the redemption price from the Trustee and, in the case of a partial redemption, a new Bond for any portion not redeemed in an Authorized Denomination.

THE LETTER OF CREDIT

The following is a summary of certain provisions of the Indenture and the Initial Letter of Credit. This summary does not purport to be comprehensive or definitive, and is subject to all of the terms and provisions of the Indenture and Initial Letter of Credit, to which reference is hereby made. Wherever defined terms of the Indenture and the Initial Letter of Credit are referred to, such defined terms are incorporated herein by reference as part of the statement made, and the statement is qualified in its entirety by such reference. The provisions of any Alternate Letter of Credit may be different from those summarized below.

Indenture Requirements

The Indenture requires that the Letter of Credit must be an irrevocable letter of credit of a commercial bank providing for direct payments to or upon the order of the Trustee of amounts up to (1) the principal of the Bonds when due, at maturity or upon acceleration, redemption, purchase pursuant to a tender or otherwise; and (2) interest on the Bonds for a period of 45 days at the rate of 10% per annum; provided, however, that for the Letter of Credit in effect during the Fixed Rate Period, (A) the stated amount of such Letter of Credit must include interest on the Bonds for a period of 195 days (or such other number of days as may be required by any Rating Agency then rating the Bonds) at the Fixed Rate and any premium which would be payable on the Bonds if the Letter of Credit was not extended beyond its stated expiration date, and (B) the Letter of Credit will not cover any Liquidity Drawing. The Letter of Credit must have a stated expiration date that is no earlier than 364 days from its date of issuance.

The Initial Letter of Credit

The initial Letter of Credit will be, in all respects, an irrevocable obligation of the initial Bank. The initial Letter of Credit will be issued in an amount equal to the aggregate principal amount of the outstanding Bonds, plus 45 days' interest thereon at the rate of 10% per annum. The Trustee, upon compliance with the terms of the initial Letter of Credit, is authorized and directed to draw up to (a) an amount sufficient to pay principal of the Bonds (other than Bonds purchased with the proceeds of a drawing under the Letter of Credit upon mandatory or optional tender and which have not been remarketed ("Pledged Bonds")) when due, whether at maturity or upon redemption, acceleration, purchase pursuant to a tender or otherwise; plus (b) interest on the Bonds for a period of 45 days at the rate of 10% per annum. The initial Letter of Credit will not cover amounts payable during the Fixed Rate Period unless it is amended.

The initial Letter of Credit will expire, unless otherwise extended or amended pursuant to its terms, upon the earliest to occur of: (i) the payment in full by the Bank of funds authorized to be drawn thereunder; (ii) the surrender of the Letter of Credit by the Trustee to the Bank for cancellation; (iii) its stated expiration date of December 10, 2008 (or such later date to which the stated expiration date has been extended in accordance with the terms of the Letter of Credit); (iv) the Business Day following the Conversion Date; or (v) the close of business on the date which is 15 days after receipt by the Trustee of a written notice from the Bank (A) specifying the occurrence of an "event of default" under the Reimbursement Agreement and (B) directing the Trustee to accelerate the Bonds. During the Variable Rate Period, if the stated expiration date of

the Letter of Credit is imminent and no Alternate Letter of Credit will be provided, the Bonds are subject to mandatory tender as described under “THE BONDS -- Mandatory Tender of Bonds.”

The amount available under the initial Letter of Credit will be reduced automatically by the amount of any drawing thereunder subject to reinstatement as described below. With respect to a drawing by the Trustee solely to pay interest on the Bonds on an Interest Payment Date, the amount available under the initial Letter of Credit will be automatically reinstated on the 6th calendar day from the date of payment by the Bank of such drawing unless the Bank notifies the Trustee in writing of the occurrence of an event of default under the Reimbursement Agreement and directs the Trustee to accelerate the Bonds, and as a consequence thereof the Letter of Credit will not be so reinstated. With respect to a drawing on the initial Letter of Credit to pay the portion of the purchase price of Bonds (other than Pledged Bonds or Obligor Bonds) delivered for purchase pursuant to a demand for purchase by the owner thereof or a mandatory tender for purchase and which are not remarketed (a “Liquidity Drawing”), upon a remarketing of Bonds (or portions thereof) purchased with the proceeds of such Liquidity Drawing, the amount available under the Letter of Credit will be reinstated in an amount equal to the principal amount of the Bonds purchased with the proceeds of such Liquidity Drawing which have been remarketed and for which the Bank has received the remarketing proceeds, plus the amount of accrued interest thereon paid with the proceeds of such Liquidity Drawing and attributable to the Bonds that have been remarketed and for which the Bank has received the proceeds, upon notification from the Bank to the Trustee that the conditions precedent to the release of the Bonds held under the Pledge Agreement have been satisfied.

Alternate Letter of Credit

The Obligor may elect to replace the Letter of Credit with an Alternate Letter of Credit conforming to the terms set forth in the Indenture.

Notwithstanding anything to the contrary contained in the Indenture, (1) while the Bonds bear interest at the Variable Rate, they shall be secured by a Letter of Credit, and (2) if the Bonds are converted to bear interest at a Fixed Rate, they shall be secured by a Letter of Credit. In addition, if the Fixed Rate Period is then in effect the Obligor may not furnish an Alternate Letter of Credit with a stated expiration date earlier than the Stated Expiration Date of the Letter of Credit then in effect.

Not less than 45 days prior to the delivery of an Alternate Letter of Credit, (or such shorter period as shall be acceptable to the Trustee but not less than 30 days) the Obligor is required to give notice of such replacement to the Trustee. During the Variable Rate Period, upon receipt of such notice, the Trustee shall take all actions necessary to subject the Bonds to mandatory tender as described under “THE BONDS -- Mandatory Tender of Bonds” on the proposed effective date of such Alternate Letter of Credit.

Any Alternate Letter of Credit delivered to the Trustee must be accompanied by (1) a Favorable Opinion of Bond Counsel as to the delivery of the Alternate Letter of Credit; (2) an opinion of counsel stating that delivery of the Alternate Letter of Credit is authorized under the Indenture and complies with its terms; (3) an opinion of counsel to the issuer of such Alternate Letter of Credit stating that such Alternate Letter of Credit is a legal, valid, binding and

enforceable obligation of such issuer in accordance with its terms; and (4) evidence satisfactory to the Trustee that the long-term unsecured indebtedness of the issuer of the Alternate Letter of Credit (or parent company of the issuer of the Alternate Letter of Credit) is rated by a Rating Agency in one of its three highest rating categories (without regard for any gradation within a category). In addition, if the Obligor or any natural person, firm, association or public body related to the Obligor within the meaning of Section 147(a) of the Code grants a security interest in any cash, securities or investment type property to the issuer of such Alternate Letter of Credit or other facility, the Obligor must furnish the Trustee a Favorable Opinion of Bond Counsel with respect to such grant.

THE REIMBURSEMENT AGREEMENT

The following is a summary of certain provisions of the initial Reimbursement Agreement between the Obligor and the initial Bank, as in effect on the date of this Official Statement. This summary is not a complete recital of the terms of the initial Reimbursement Agreement and reference is made to the initial Reimbursement Agreement in its entirety. The initial Reimbursement Agreement may be amended or otherwise modified without notice to or consent by any person or entity other than the parties thereto. The provisions of any Reimbursement Agreement under which an Alternate Letter of Credit is issued may be different from those summarized below. Capitalized terms used below without definition shall have the meanings ascribed to them in the initial Reimbursement Agreement.

Reimbursement by the Obligor

The Obligor agrees to reimburse the Bank for all amounts that are drawn by the Trustee under the Letter of Credit, together with interest on all such amounts in accordance with its terms and the provisions of the Reimbursement Agreement.

Fees, Commissions and Expenses

Pursuant to the Reimbursement Agreement, the Obligor agrees to pay to the Bank a commitment fee, a termination fee, an annual fee based on the amount available to be drawn under the Letter of Credit, interest on amounts drawn under the Letter of Credit to the date of repayment by the Obligor, an administrative fee for each drawing under the Letter of Credit, and all expenses incurred in maintaining the Letter of Credit and in enforcing the Bank's rights under the Reimbursement Agreement. All costs and expenses (including those which result from a change in law) incurred by the Bank relative to the Letter of Credit or the Reimbursement Agreement will also be paid by the Obligor.

Certain Affirmative and Negative Covenants

The Obligor affirmatively covenants in the Reimbursement Agreement, among other things, to maintain its legal existence; to comply with all applicable laws; to maintain its properties and adequate insurance; to keep proper books and records; to permit the Bank to examine such books and records; and to submit to the Bank certain financial and other reports and information.

The Obligor also covenants not to do certain things or permit certain conditions to exist without the written consent of the Bank, including, among other things: not to violate certain financial covenants; not to permit certain indebtedness and liens to exist; and not to dispose of certain assets.

These covenants are solely for the benefit of the Bank. The Bank may waive any such covenants or certain other provisions of the Reimbursement Agreement and may agree with the Obligor to amend certain covenants or provisions. The Bondholders will have no rights or obligations as a result of the covenants or provisions of any amendments or waivers thereof.

Events of Default

The occurrence of certain events constitutes an Event of Default (unless waived by the Bank or unless cured within applicable time periods set forth in the Reimbursement Agreement) under the Reimbursement Agreement. These events pertain to, but are not limited to the following: (i) the existence of material inaccuracies in any representation or warranty of the Obligor in the Reimbursement Agreement; (ii) failure to pay when due any payment under the Reimbursement Agreement; (iii) failure to perform or observe any term, covenant or agreement in the Reimbursement Agreement; (iv) any material provision of the Reimbursement Agreement shall at any time for any reason cease to be valid and binding on the Obligor, or shall be declared to be null and void, or the enforceability thereof against the Obligor shall be contested by the Obligor or any governmental agency or authority, or the Obligor shall deny it has any or further liability or obligation under the Reimbursement Agreement; (v) the occurrence of an Event of Default under and as defined in the Installment Purchase Agreement or the Indenture; (vi) default in the payment when due, whether by acceleration or otherwise, of any indebtedness of the Obligor or the default in the performance or observance of any obligation or condition with respect to such indebtedness if the effect of such default is to permit acceleration of the payment thereof by the holder of such indebtedness; (vii) the entry against the Obligor of one or more judgments or decrees involving an aggregate liability of more than \$50,000 which has or have become nonappealable and remain undischarged, unsatisfied by insurance and unstayed for more than 20 days, or the levy of a writ of attachment or garnishment against the property of the Obligor in excess of \$50,000; (viii) various events of bankruptcy, or corporate acts authorizing any such event of bankruptcy, with respect to the Obligor; (ix) any material change in the management and control of the Obligor which shall have a material adverse effect of the business, assets, operations or financial condition of the Obligor; (x) failure of the Collateral Documents (as defined in the Reimbursement Agreement) to create valid and perfected liens on the property described therein; and (xi) nonpayment by the Obligor of any rate management obligation when due or the breach by the Obligor of any term, provision or condition contained in any rate management agreement.

Written notice delivered to the Trustee by the Bank to declare the principal of all Bonds outstanding and accrued interest due and owing arising out of the occurrence and continuance of an Event of Default under the Reimbursement Agreement constitutes an Event of Default under the Indenture. (See "THE INDENTURE -- Defaults and Remedies.")

AN EVENT OF DEFAULT UNDER THE REIMBURSEMENT AGREEMENT,
INCLUDING AN EVENT OF DEFAULT WITH RESPECT TO THE FINANCIAL

COVENANTS OF THE OBLIGOR (WHICH ARE NOT DESCRIBED HEREIN), COULD RESULT IN THE ACCELERATION OF PRINCIPAL AND INTEREST ON THE BONDS AND THE EXERCISE OF ALL AVAILABLE REMEDIES UNDER THE INDENTURE.

Security for Reimbursement Agreement

As security for the Obligor's obligations under the Reimbursement Agreement, the Obligor will execute, among other collateral documents, a mortgage in favor of the Bank granting a first lien on the Obligor's facility which comprises the Project. The mortgage will be executed solely for the benefit of the Bank, and none of the Issuer, the Trustee or the holders of the Bonds will have any rights or security thereunder.

Pursuant to a Pledge and Security Agreement, dated as of December 1, 2003 (the "Pledge Agreement"), the Bank, the Obligor and the Trustee have agreed that the Trustee shall hold, as agent for the Bank, any Bonds not remarketed by the Remarketing Agent and paid for with a draw on the Letter of Credit. Such Bonds (or their beneficial ownership interests) will be pledged to the Bank to secure repayment of moneys thus paid by the Bank. Upon receipt by the Trustee on behalf of the Bank of moneys sufficient to reimburse in full the amount of such Letter of Credit payment, the Pledged Bonds shall be released and the Letter of Credit shall be reinstated as therein provided.

Indemnification of the Bank

The Obligor agrees to indemnify and hold the Bank harmless from certain claims, damages, losses, liabilities, costs or expenses which arise by reason of certain untrue or alleged untrue statements or omissions of certain material statements in this Official Statement and in connection with the execution and delivery or transfer of, or payment or failure to pay under, the Letter of Credit. There are, however, specific limitations and qualifications on the Obligor's duty to indemnify and hold the Bank harmless which are set forth in the Reimbursement Agreement.

THE INSTALLMENT PURCHASE AGREEMENT

The following is a brief summary of certain provisions of the Installment Purchase Agreement and does not purport to be comprehensive or definitive. All references herein to the Installment Purchase Agreement are qualified in the entirety by reference to the Installment Purchase Agreement for the detailed provisions thereof. Capitalized terms used below without definition shall have the meanings ascribed to them in the Installment Purchase Agreement.

General

Under the Installment Purchase Agreement, the Issuer agrees to issue, sell and deliver the Bonds pursuant to the Indenture, subject to specified conditions and shall cause the proceeds of the sale of the Bonds to be deposited with the Trustee and applied as contemplated by the Indenture.

Payment Obligations of the Obligor

The Obligor will pay monthly installments in the amounts and on the dates as set forth in the Installment Purchase Agreement to the Trustee as assignee of the Issuer. Additionally, the Obligor agrees to pay, or cause to be paid, to the Trustee on or before each purchase date, an amount sufficient, together with any remarketing proceeds then held by the Remarketing Agent and available for such purpose under the terms of the Indenture, to enable the Trustee to pay the Purchase Price (as defined in the Installment Purchase Agreement) of all Bonds to be purchased on such date; provided, however, that if the Letter of Credit is outstanding and drawings may be made thereunder, payments with respect to the Purchase Price of the Bonds on such date which are required to be made by the Obligor shall be made on behalf of the Obligor by the Trustee with funds drawn by the Trustee under the Letter of Credit. If on any purchase date the remarketing proceeds together with the amount drawn under the letter of credit are insufficient to pay the Purchase Price of the Bonds being tendered on such date, the Obligor will immediately pay an amount equal to the deficiency to the Trustee in immediately available funds.

Obligations of the Obligor Unconditional

The obligation of the Obligor to pay the Installment Payments and Additional Payments (each as defined in the Installment Purchase Agreement) and all other amounts required by the Installment Purchase Agreement to be paid by the Obligor are an absolute and unconditional general obligation of the Obligor and are not subject to diminution by set-off, recoupment, counterclaim, abatement or otherwise. It is the intent and expectation of the Obligor, the Issuer and the Company (as defined in the Installment Purchase Agreement) that the Installment Payments will be sufficient for the payment in full of the Bonds, including (i) the total interest to become due and payable on the Bonds to the dates of payment thereof, (ii) the total principal amount of the Bonds, (iii) the redemption premiums, if any, that shall be payable on the redemption of the Bonds prior to their stated payments dates, and (iv) all additional interest, additional principal and any other amounts payable to the Bondholder as and when required by the Bonds or the Installment Purchase Agreement.

Costs of Issuance

The Obligor covenants and agrees to promptly pay the Costs of Issuance (as defined in the Installment Purchase Agreement) upon notification by the Issuer.

Indemnification of the Authority

The Issuer and its members, officers, agents and employees (the “Indemnified Persons”) shall not be liable to the Company or the Obligor for any reason. The Obligor shall, to the extent permitted by law, indemnify and hold the Issuer and the Indemnified Persons harmless from any loss, expense (including reasonable counsel fees) or liability of any nature due to any and all suits, actions, legal or administrative proceedings, or claims arising or resulting from, or in any way connected with (i) the financing, construction, operation, use or maintenance of the Site or Project, (ii) any act, failure to act or misrepresentation by any person, firm, corporation or governmental agency, including the Issuer, in connection with the issuance, sale, delivery or remarketing of any of the Bonds, (iii) any act or failure to act by the Issuer in connection with the

Installment Purchase Agreement or any other document involving the Issuer in this matter, and (iv) the selection and appointment of firms or individuals providing services related to the Bond transaction. If any suit, action or proceeding is brought against the Issuer or any Indemnified Person, that suit, action or proceeding shall be defended by counsel to the Issuer or the Obligor, as the Issuer shall determine. If the defense is by counsel to the Issuer, which is the Attorney General of Michigan or may, in some instances, be private, retained counsel, the Obligor shall indemnify the Issuer and Indemnified Persons for the reasonable costs of that defense, including reasonable counsel fees. If the Issuer determines that the Obligor shall defend the Issuer or Indemnified Persons, the Company or the Obligor, as determined by the Issuer, shall immediately assume that defense at its own cost. The Obligor shall not be liable for any settlement of any proceedings made without its consent (which consent shall not be unreasonably withheld).

The Obligor shall not be required to indemnify the Issuer or any Indemnified Person if a court with competent jurisdiction finds that the liability in question was caused by the willful misconduct or sole gross negligence of the Issuer or the involved Indemnified Person, unless the court determines that, despite the adjudication of liability but in view of all circumstances of the case, the Issuer or the Indemnified Person(s) is (are) fairly and reasonably entitled to indemnity for the expenses which the court considers proper.

The Obligor shall, to the extent permitted by law, also indemnify the Issuer for all reasonable costs and expenses, including reasonable counsel fees, incurred in (i) enforcing any obligation of the Obligor under this Agreement or any related agreement, (ii) taking any action requested by the Obligor, (iii) taking any action required by the Installment Purchase Agreement or any related agreement, or (iv) taking any action considered necessary by the Issuer which is authorized by the Installment Purchase Agreement or any related agreement.

Taxes and Other Costs

The Obligor shall promptly pay, as the same become due, all lawful taxes and governmental charges of any kind whatsoever, including without limitation income, profits, receipts, business, property and excise taxes, with respect to any estate, interest, documentation or transfer in or of the Site and the Project, the Agreement or any payments with respect to the foregoing, the costs of all building and other permits to be procured, and all utility and other charges and costs incurred in the operation, maintenance, use, occupancy and upkeep of the Site and the Project.

Maintenance of Legal Existence

During the term of the Installment Purchase Agreement, and except as otherwise provided therein, the Obligor shall not dissolve or otherwise dispose of all or substantially all of its assets or consolidate with or merge into another entity or permit one or more entities to consolidate with or merge into it without the prior written consent of the Issuer. Additionally, the Obligor shall maintain its existence as a public school academy under Michigan law and shall continue to operate its facilities located at the Site as a public school which will produce sufficient available revenues to pay the Installment Payments and all other amounts due and owing under the Installment Purchase Agreement. Notwithstanding the foregoing, the Obligor

shall have the right to cease operations at the Site upon (a) prepayment in full of the Installment Payments, Additional Payments and any prepayment premium required by the Issuer as determined in the sole discretion of the Issuer and (b) filing an opinion of Bond Counsel that such prepayment and release will not adversely affect the exclusion of interest on the Bonds from gross income for federal income tax purposes.

Transfer, Assignment and Leasing

The Obligor may lease any portion of the Project with the prior written consent of the Bank provided that the Obligor delivers to the Bank, the Issuer and the Trustee in connection with any such leasing a Favorable Opinion of Bond Counsel with respect to such lease. No leasing shall relieve the Obligor from primary liability for any of its obligations hereunder, and in the event of any such leasing the Obligor shall continue to remain primarily liable for the payment of Installment Payments and for performance and observance of the other agreements described in the Installment Purchase Agreement on its part to be performed and observed.

So long as the Bonds are secured by the Letter of Credit and subject to the prior written consent of the Bank and the Issuer, the Installment Purchase Agreement may be assigned and the Project may be sold or conveyed by the Obligor to a new owner without the necessity of obtaining the consent of the Trustee or any Bondholder, subject, however, to the following conditions:

- (a) Approval by the Issuer, in its sole discretion, of such sale or conveyance;
- (b) The Obligor shall, on or prior to the effective date of such sale or assignment, furnish or cause to be furnished to the Issuer, the Remarketing Agent, the Bank and the Trustee
 - (i) an executed assumption agreement whereby the new owner agrees in writing to assume the obligations of the Obligor under the Installment Purchase Agreement and the related bond documents to which the Obligor is a party, together with the Bank's written consent thereto, and
 - (ii) a Favorable Opinion of Bond Counsel with respect to such assignment or sale agreement; and
- (c) The new owner shall submit evidence to the Trustee that it is qualified to do business as a public school academy in the State of Michigan.

If the Bonds are no longer secured by the Letter of Credit, the Installment Purchase Agreement may not be assigned without the prior written consent of the Issuer, the Trustee and a majority of the holders of the Bonds and compliance with the requirements described in (a) and (b) above.

Maintenance, Repair and Modification

The Obligor will at its own expense keep the Project in good repair and good operating condition, ordinary wear and tear excepted. The Obligor may, from time to time and at its own expense, make any additions, modifications or improvements to the Project as it may deem desirable, provided that such modifications or improvements do not (i) materially and adversely affect the scope, character, value or operation of the Project without the prior written consent of the Bank, (ii) impair the exclusion of interest on the Bonds from gross income for federal income tax purposes or (iii) contravene the provisions of the Enabling Legislation.

Damage, Destruction and Condemnation

In the event the Project is destroyed or sustains material damage or title to or temporary use of all or substantially all of the Project is taken in condemnation or by eminent domain, the Obligor shall promptly give written notice thereof to the Issuer, the Bank and the Trustee. As soon as practicable, but not later than 60 days after such damage or condemnation, the Obligor shall elect in writing to the Issuer, the Bank and the Trustee, and with the written consent of the Bank as required by the Reimbursement Agreement (or the Collateral Documents, as defined in the Reimbursement Agreement), whether to deposit insurance or condemnation proceeds in the Project Fund or the Bond Fund. If the Obligor elects to deposit such insurance or condemnation proceeds in the Bond Fund, such proceeds shall be used to reimburse the Bank for a draw under the Letter of Credit in connection with the redemption of Bonds as provided in the Indenture (or used to redeem Bonds if the Bonds are no longer secured by the Letter of Credit). If the Obligor elects to deposit such proceeds in the Project Fund, the moneys shall be expended to restore the Project in accordance with the requirements set forth in the Installment Purchase Agreement.

Defaults and Remedies

Each of the following is an “Event of Default” under the Installment Purchase Agreement:

1. Failure by the Obligor to make an Installment Payment when due; provided, however, that no Event of Default described in this subparagraph (1) shall be deemed to have occurred solely by reason of such failure to make such payments if and to the extent that payments have nonetheless been made by the Bank to the Trustee pursuant to the Letter of Credit for deposit in the Bond Fund at such times and in such manner so as to prevent an event of default described under clause (1) or (2) under the heading “THE INDENTURE -- Defaults and Remedies” herein;
2. Failure by the Obligor to make an Additional Payment when due; provided, however, that no Event of Default described in this subparagraph (2) shall be deemed to have occurred solely by reason of such failure to make such payments if and to the extent that payments have nonetheless been made pursuant to a drawing on the Letter of Credit in accordance with the Indenture at such times and in such manner so as to prevent an event of default described under clause (3) under the heading “THE INDENTURE -- Defaults and Remedies” herein;
3. Failure by the Obligor to observe and perform any other obligations in the Installment Purchase Agreement or any other related or collateral document on its part to be observed or performed for a period of forty-five (45) days after written notice, specifying such failure and requesting that it be remedied, shall have been given to the Obligor by the Issuer, the Bank or the Trustee; provided, however, that if the failure is such that it cannot be corrected within such 45-day period, it shall not constitute an Event of Default if the default, in the opinion of the Trustee is correctable without material adverse effect on the Bonds and if corrective action is instituted within such period and diligently pursued until the default is corrected;

4. The dissolution or termination of the Obligor or failure by the Obligor promptly to lift any execution, garnishment or attachment of such consequences as will materially impair its ability to carry out its obligations under the Installment Purchase Agreement or the Obligor becomes insolvent or bankrupt, or makes an assignment for the benefit of creditors or consents to the appointment of a trustee or receiver for the Obligor or for the greater part of its properties; or a trustee or receiver is appointed for the Obligor or for the greater part of its properties without its consent and is not discharged within 40 days; or bankruptcy, reorganization or liquidation proceedings are commenced by or against the Obligor, and if commenced against the Obligor are consented to by it or remain undismissed for 40 days; or an order for relief is entered in any bankruptcy proceeding;

5. Any representation or warranty made by the Company or the Obligor in any document delivered by the Company or the Obligor to the purchaser(s) of the Bonds, the Trustee or the Bank or the Issuer in connection with the issuance, sale and delivery of the Bonds proves to be untrue when made in any material respect;

6. If the Obligor shall default under any other agreement for payment of money and such default shall not be cured within any period of grace provided in such agreement, if any, or if the Obligor shall assign or convey or attempt to assign or convey any of its rights or obligations under the Installment Purchase Agreement except as shall be permitted under the Installment Purchase Agreement, provided, however, that the Obligor shall not be in default under this section (6), if it is contesting in good faith any default under any such other agreement for the payment of money, unless in the estimation of the Trustee the security of the Trustee under the Installment Purchase Agreement is materially endangered; or

7. Occurrence of an Event of Default under the Indenture.

Whenever any such Event of Default shall have occurred and be continuing, and if acceleration of the maturity of the Bonds has been declared under the Indenture, the Issuer or the Trustee may take one or more of the following remedial steps:

1. Declare all indebtedness under the Installment Purchase Agreement to be immediately due and payable, whereupon the same shall become immediately due and payable and the Trustee shall thereupon draw upon the Letter of Credit in accordance with its terms and the terms of the Indenture;

2. Have access to and inspect, examine, and make copies of the books and records and any and all accounts, data and income tax and other tax returns of the Obligor, only insofar as they relate to the Project, the Site or the Event of Default under the Installment Purchase Agreement and the remedying thereof;

3. To the extent of any insufficiency after drawing under the Letter of Credit, may exercise and enforce all or any of its rights under the security interests granted in the Installment Purchase Agreement; and/or

4. To the extent of any insufficiency after drawing under the Letter of Credit, petition a court of competent jurisdiction for the appointment of a receiver to take possession of

and manage and operate all or any part of the assets of the Obligor for the benefit of the Issuer and the Trustee.

No remedy in the Installment Purchase Agreement conferred upon or reserved to the Issuer or the Trustee is intended to be exclusive of any other available remedy or remedies, but each and every such remedy will be cumulative and will be in addition to every other remedy then or thereafter existing at law or in equity or by statute.

Amendments to Installment Purchase Agreement

The Issuer and the Obligor may, with the consent of the Bank and the Trustee but without the consent of the Bondholders, amend, change or modify the Installment Purchase Agreement as may be required; (i) to cure any ambiguity or formal defect or omission which shall not adversely affect the interests of the Bondholders; (ii) to grant or pledge to the Issuer or the Trustee for the benefit of the Bondholders or the Bank, any additional security; or (iii) in connection with any other change therein which, in the judgment of the Trustee, is not materially adverse to the Trustee or the Bondholders.

Except for amendments permitted in the preceding paragraph, the Installment Purchase Agreement cannot be amended or modified without the consent of the Bank and the consent of the holders of not less than a majority in the aggregate principal amount of the Bonds then outstanding, such consent to be obtained in accordance with the Indenture.

THE INDENTURE

In addition to the description of certain provisions of the Indenture contained elsewhere herein, the following is a brief summary of certain provisions of the Indenture and does not purport to be comprehensive or definitive. All references herein to the Indenture are qualified in their entirety by reference to the Indenture for the detailed provisions thereof. Capitalized terms used below without definition shall have the meanings ascribed to them in the Indenture.

Assignment and Security

Pursuant to the Indenture, the Issuer's interest in the Security is pledged and assigned to the Trustee by the Issuer to secure payment of the principal of, premium, if any, and interest on the Bonds.

Bond Fund

The Indenture establishes a Bond Fund, which will be held by the Trustee, and within the Bond Fund there will be a Revenue Account, a Letter of Credit Account and a State Aid Intercept Account.

The Trustee will deposit in the Revenue Account of the Bond Fund (a) any accrued interest received on the sale of the Bonds; (b) all Academy Repayments under the Financing Agreement other than Scheduled Installment Payments, including all proceeds resulting from the enforcement of the Security or its realization as collateral; (c) all moneys received by the Trustee under the Financing Agreement for deposit in the Revenue Account of the Bond Fund.

The Trustee will deposit in the Letter of Credit Account of the Bond Fund (a) all moneys drawn under the Letter of Credit (other than amounts drawn to pay the Purchase Price of a tendered Bond) to pay principal of, premium, if any, or interest on the Bonds; and (b) any other moneys received by the Trustee with directions for deposit in the Letter of Credit Account of the Bond Fund.

The Trustee will deposit in the State Aid Intercept Account of the Bond Fund all Academy Repayments under the Financing Agreement consisting of Schedule Installment Payments.

The Trustee is directed to withdraw sufficient funds from the Bond Fund to pay the principal of, premium, if any, and interest on the Bonds as the same become due and payable. Such payments shall be made first from amounts on deposit in the Letter of Credit Account, second from the State Aid Intercept Account and third from the Revenue Account.

Prior to 12:00 noon, Detroit, Michigan time, on the Business Day immediately preceding the date on which any principal and/or interest shall become due on the Bonds (whether upon any Interest Payment Date, at maturity, upon the date fixed for redemption or upon acceleration of the Bonds), the Trustee shall, without making any prior claim or demand upon the Academy, draw on the Letter of Credit an amount sufficient for the purpose of paying the principal, premium, if any, and interest coming due and payable on the Bonds, provided, that the Trustee shall not take any action under the Letter of Credit to pay the principal of, premium, if any, and interest on any Pledged Bonds. The Bank, in accordance with the terms of the Letter of Credit, shall cause funds so drawn to be wired to the Trustee not later than 1:00 p.m., Detroit, Michigan time, on the Interest Payment Date, maturity date, redemption date or acceleration date, as appropriate.

If moneys have been realized by the Trustee under the Letter of Credit for the payment of principal, premium, if any, or interest on the Bonds, then the Trustee shall without any further direction, immediately following the honoring of any draw under the Letter of Credit, transfer an amount equal to the amount drawn by the Trustee under the Letter of Credit from the State Aid Intercept Account to the Bank to satisfy the Academy's reimbursement obligation under the Reimbursement Agreement.

If for any reason funds are not available under the Letter of Credit or in the State Aid Intercept Account for payment of principal of, premium or interest due on the Bonds on any such date, the Trustee shall immediately request from the Obligor funds sufficient to make all such payments of principal and/or interest and premium, if any, on the Bonds pursuant to the Installment Purchase Agreement by directing that the Obligor deposit such funds with the Trustee at its designated corporate trust office into the Revenue Account of the Bond Fund. If the Obligor has deposited moneys in the Revenue Account and moneys have been realized by the Trustee under the Letter of Credit for the payment of principal, premium, if any, or interest on the Bonds, then the Trustee shall, without any further direction, immediately following the honoring of any draw under the Letter of Credit, transfer such moneys deposited by the Obligor in the Revenue Account to the Bank up to the amount drawn by the Trustee under the Letter of Credit to satisfy the Obligor's reimbursement obligation under the Reimbursement Agreement.

On the Business Day immediately succeeding each Interest Payment Date, the Trustee shall transfer any balance remaining in the State Aid Intercept Account in excess of the aggregate Set Aside Component as of that date (i) first, provided no Event of Default shall have occurred and be continuing, to the Bank in an amount equal to the Scheduled Fee Component and (ii) second, provided no Event of Default shall have occurred and be continuing, to the Academy.

Any amounts remaining in the Bond Fund after payment in full of the Bonds and all other amounts required to be paid under the Indenture or the Installment Purchase Agreement, shall be paid (i) to the Bank, to the extent of any amounts owing under the Reimbursement Agreement, or, (ii) if there are no such amounts or obligations of the Obligor existing under the Reimbursement Agreement as certified in writing by the Bank to the Trustee, to the Obligor upon the expiration or sooner cancellation or termination of the term of the Installment Purchase Agreement as provided therein.

Project Fund

The net proceeds of the issuance and delivery of the Bonds shall be deposited in the Project Fund. Pursuant to the Installment Purchase Agreement and the Indenture, the Trustee is authorized to make each disbursement from the Project Fund upon receipt of a requisition from the Obligor to pay costs incurred in connection with the issuance and delivery of the Bonds and the acquisition and construction of the Project. Such requisitions shall comply with the requirements of the Installment Purchase Agreement.

Investment of Funds

Any moneys held as a part of the Project Fund may be invested or reinvested by the Trustee, at the request of the Obligor, in any one or more of the following, provided that any such investment is not prohibited by law:

1. Obligations of the United States, its agencies, or United States government sponsored enterprises, or obligations the payment of principal and interest on which is unconditionally guaranteed by the United States of America or its agencies (collectively, "Government Obligations");

2. Any bonds or other obligations of any state of the United States of America or of any local governmental unit of any such state which (a) are rated at the time of purchase in the highest rating category by Standard & Poor's Ratings Services based on an escrow, (b) are not callable unless irrevocable instructions have been given to the trustee of such bonds to give due notice of redemption and to call such bonds for redemption on the date(s) specified in such instructions, and (c) are secured by cash and/or Government Obligations;

3. Direct and general obligations of any state of the United States of America, to the payment of the principal of and interest on which the full faith and credit of such state is pledged, provided such obligations are rated at the time of purchase in either of the two highest rating categories by Standard & Poor's Ratings Services;

4. Obligations of any state of the United States of America or any local governmental unit of any such state which shall be rated at the time of purchase in the highest rating category by Standard & Poor's Ratings Services;

5. Certificates that evidence ownership of the right to payments of principal or interest on the obligations described in clause (i), provided that (a) such obligations shall be held in trust by a bank or trust company or a national banking association meeting the requirements for a successor Trustee under the Indenture; (b) the owner of the investment is the real party in interest and has the right to proceed directly and individually against the obligor of the underlying Government Obligations; and (c) the underlying Government Obligations are held in a special account separate from the custodian's general assets, and are not available to satisfy any claim of the custodian, any person claiming through the custodian, or any person to whom the custodian may be obligated;

6. Certificates of deposit, whether negotiable or nonnegotiable, and banker's acceptances of any bank in the United States whose deposits are insured by the Federal Deposit Insurance Corporation or its successor, or any savings and loan association in the United States whose deposits are insured by the Federal Deposit Insurance Corporation or its successor, provided that such certificate of deposit or banker's acceptance is from a bank or from a savings and loan association having a combined capital and surplus aggregating at least Fifty Million Dollars (\$50,000,000) provided further that such certificate of deposit or banker's acceptance is secured by Government Obligations with a market value equal to the principal amount of such certificate of deposit or banker's acceptance over the amount guaranteed by the Federal Deposit Insurance Corporation or its successor, and provided further that such certificate of deposit or banker's acceptance is rated at least A-1+ by Standard & Poor's Ratings Services and has a maturity of not more than 365 days;

7. Commercial paper of a United States corporation or finance company, other than that issued by bank holding companies, rated at the date of investment in the highest rating category by Standard & Poor's Ratings Services;

8. To the extent approved by the State Treasurer, debentures or notes issued by any of the following Federal agencies: Bank for Cooperatives, Federal Intermediate Credit Bank, Federal Loan Bank, Export-Import Bank of the United States, Government National Mortgage Association or Federal Land Bank (including participation certificates issued by such Associations) and all other obligations issued or in the opinion of the Attorney General of the United States unconditionally guaranteed as to principal and interest by any agency or person controlled or supervised by and acting as an instrumentality of the United States of America pursuant to authority granted by the Congress, and

9. Securities of, or other interests in, a no-load, open-end or closed-end management type investment company or investment trust registered under the Investment Company Act of 1940, 15 U.S.C. §§80a-1 to 80a-64, so long as the portfolio of the investment company or investment trust is limited to (i) United States government obligations and repurchase agreements fully collateralized by United States government obligations and the investment company or investment trust takes delivery of the collateral for any repurchase agreement either directly or through an authorized custodian or (ii) securities of, or other investments in, an

investment company or investment trust which meets the foregoing requirements, and is rated at least AAAm or AAAm-G by Standard & Poor's Ratings Services.

Any moneys held in the Purchase Fund or obtained from a drawing under the Letter of Credit shall remain uninvested. Any other moneys held by the Trustee in the Bond Fund may be invested and reinvested only in the Government Obligations described in (1) above or in funds comprised solely of (i) such government obligations and (ii) repurchase agreements secured by such government obligations; provided that such funds are rated by each Rating Agency then rating the Bonds at least as high as the then current rating on the Bonds. All investments of moneys in any Fund will be held by or under the control of the Trustee and will be deemed at all times a part of the particular fund for which they were purchased. Interest accruing thereon and any profit realized from such investments will be credited, and any loss will be charged, to the particular fund from which the investment was made.

Purchase of Tendered Bonds

The Remarketing Agent shall hold all moneys delivered to it for the purchase of beneficial interests in Bonds in accounts maintained by it, without investment, solely for the benefit of the persons delivering such moneys, until the beneficial interests in such Bonds purchased with such moneys have been designated by the Remarketing Agent as being held for the account of such persons. The Remarketing Agent shall apply the moneys so deposited with it to pay the purchase price of the beneficial interests in Bonds tendered for purchase.

Purchasers of Bonds which have been remarketed shall be required to deliver the purchase price thereof directly to the Remarketing Agent no later than 12:00 noon, Detroit, Michigan time, on the Business Day preceding each purchase date (whether optional or mandatory).

Prior to 5:00 p.m., Detroit, Michigan time, on the Business Day preceding each purchase date (whether optional or mandatory) the Trustee shall draw upon the Letter of Credit in an amount equal to the purchase price of any tendered Bonds not remarketed and any tendered Bonds remarketed and for which payment has not been received. The Bank shall cause funds so drawn to be wired to the Remarketing Agent no later than 12:30 p.m., Detroit, Michigan time, on the purchase date. In the event the Bank does not cause funds so drawn to be deposited with the Remarketing Agent by 1:00 p.m., Detroit, Michigan time, on each purchase date (whether optional or mandatory), the Remarketing Agent shall immediately so notify the Obligor, and thereafter the Trustee shall transfer to the Remarketing Agent moneys paid by the Obligor pursuant to the Indenture in an amount equal to the required purchase price.

The Trustee shall, to the extent it has drawn funds under the Letter of Credit for the purchase of Bonds, authorize direct payment by the Bank to the Remarketing Agent. The Remarketing Agent shall use funds promptly to pay Bondholders.

Defaults and Remedies

Each of the following is an "Event of Default" under the Indenture:

1. Default in the payment of any interest on any Bond when and as the same is due;

2. Default in the payment of the principal of or any premium on any Bond when and as the same is due, whether at the stated maturity or redemption date thereof or by acceleration;

3. Default in the payment of the purchase price of any Bond required to be purchased hereunder when and as the same is due;

4. Default in the observance or performance of any other of the covenants, agreements or conditions on the part of the Issuer included in the Indenture or in the Bonds and the continuance thereof for a period of 30 days after the Trustee gives written notice to the Issuer, the Bank and the Obligor;

5. The occurrence of an “Event of Default” as defined in the Installment Purchase Agreement;

6. The Trustee receives a written notice from the Bank specifying that an “event of default” has occurred and is continuing under the Reimbursement Agreement and directing the Trustee to accelerate the Bonds;

7. Receipt by the Trustee within five (5) days after a payment under the Letter of Credit with respect to interest on the Bonds of written notice from the Bank that the interest portion of the Letter of Credit will not be reinstated to an amount equal to 45 days’ (or if applicable pursuant to the Indenture during the Fixed Rate Period, 195 days’) interest, calculated at the Maximum Rate or Fixed Rate, as applicable; or

8. The Bank shall wrongfully dishonor any draft or other request for payment under the Letter of Credit presented in strict accordance with its terms, the Letter of Credit shall, for any reason, become unavailable to or unenforceable by the Trustee, or the Bank (i) shall generally not pay its debts as they become due, (ii) shall admit in writing its inability to pay its debts generally, (iii) shall make a general assignment for the benefit of creditors, (iv) shall institute any proceeding or voluntary case (a) seeking to adjudicate it a bankrupt or insolvent or (b) seeking liquidation, winding up, reorganization, arrangement, adjustment, protection, relief or composition of it or its debts under any law relating to bankruptcy, insolvency or reorganization or relief or protection of debtors or (c) seeking the entry of an order for relief or the appointment of a receiver, trustee, custodian or other similar official for it or for any substantial part of its property, (v) shall take any action to authorize any of the actions described above in this subparagraph (8), or (vi) shall have instituted against it any proceeding (a) seeking to adjudicate it a bankrupt or insolvent or (b) seeking liquidation, winding up, reorganization, arrangement, adjustment, protection, relief or composition of it or its debts under any law relating to bankruptcy, insolvency or reorganization or relief or protection of debtors or (c) seeking the entry of an order for relief or the appointment of a receiver, trustee, custodian or other similar official for it or for any substantial part of its property, and, if each such proceeding is being contested by the Bank in good faith, each such proceeding shall remain undismissed or unstayed for a period of 60 days, and the Obligor shall not have obtained an Alternate Letter of Credit within 60 days after receipt of written notice of each such occurrence.

Any default described in subsection (4) or (5) above may be waived by the Trustee with the written consent of the Bank from time to time if the Issuer (or the Obligor, on behalf of the

Issuer) is proceeding with all due diligence to cure such default and the Issuer is not otherwise in default under the Indenture.

Subject to the requirement that the Bank's consent to any acceleration must be obtained in the case of an Event of Default described in subsection (4) or (5) above, upon the occurrence of any Event of Default under the Indenture, the Trustee may and upon (i) the written request of the holders of not less than twenty-five percent in aggregate principal amount of Bonds then Outstanding or (ii) the occurrence of an Event of Default under subsections (1), (2), (3), (6), (7) or (8) above, the Trustee shall immediately, by notice in writing sent to the Issuer, declare the principal of and any premium on all Bonds then Outstanding (if not then due and payable) and the interest accrued thereon to be due and payable immediately, and, upon said declaration, such principal and premium, if any, and interest shall become and be immediately due and payable. Interest on the Bonds shall cease to accrue on the date of such declaration. Upon any declaration of acceleration under the Indenture, the Trustee shall immediately exercise such rights as it may have under the Installment Purchase Agreement to declare all payments thereunder to be immediately due and payable and, to the extent it has not already done so and to the extent necessary, shall immediately draw upon the Letter of Credit as provided in the Indenture.

Upon the happening and continuance of an Event of Default under the Indenture the Trustee may, but only with the prior written consent of the Bank (subject to certain limitations described in the Indenture where the Bank has wrongfully dishonored a drawing under the Letter of Credit or the Letter of Credit is no longer in effect and the Obligor's obligations under the Reimbursement Agreement have been paid, in which case the Bank's consent shall not be required), with or without taking action to accelerate under the Indenture, as described above, pursue any available remedy to enforce the performance of or compliance with any other obligation or requirement of the Indenture or the Installment Purchase Agreement.

Subject to the foregoing and the requirement that the Bank's consent to the exercise by the Trustee of any such available remedy must be obtained, upon the happening and continuance of an Event of Default, and if requested to do so by the holders of at least 25% in aggregate principal amount of Bonds then outstanding and the Trustee is indemnified as provided under the Indenture, the Trustee shall exercise such of the rights and powers conferred by the Indenture as the Trustee, being advised by counsel, shall deem most effective to enforce and protect the interest of the Bondholders and, except to the extent inconsistent with the interests of the Bondholders, the Bank.

Subject to the rights of the Bank to direct proceedings as summarized above and as further provided in the Indenture, the holders of a majority in aggregate principal amount of Bonds then outstanding shall have the right at any time, by an instrument or instruments in writing executed and delivered to the Trustee, to direct the method and place of conducting all proceedings to be taken in connection with the enforcement of the terms and conditions of the Indenture, or any other proceedings thereunder; provided, that such direction shall not be otherwise than in accordance with the provisions of law and of the Indenture, and provided that the Trustee shall be indemnified to its satisfaction.

Discharge of Lien

When all principal of, premium, if any, and interest on the Bonds have been paid, or after provision for such payment has been made in accordance with the Indenture, and all fees and charges of the Trustee payable through the date on which the Bonds are to be retired and all other obligations of the Issuer and the Obligor under the Installment Purchase Agreement and the Indenture have been paid and fully performed, then the Security shall be released from the lien of the Indenture and the Indenture shall be discharged; provided, however, that to the extent the Obligor is indebted to the Bank under the Reimbursement Agreement, the Bank shall be subrogated to the rights of the Bondholders to enforce the payment of the Bonds from the Security, and the Trustee shall assign its interest in the Security to the Bank.

Supplemental Indentures

The Issuer and the Trustee, with the consent of the Bank but without consent of or notice to any Bondholder, may enter into supplementary indentures not inconsistent with the Indenture:

1. To cure any ambiguity or to correct or supplement any provision contained in the Indenture or in any supplemental indenture which may be defective or inconsistent with any provision contained in the Indenture or in any supplemental indenture, or to make such other provisions in regard to matters or questions arising under the Indenture which do not adversely affect the interest of the Bondholders or the Bank;

2. To grant to or confer upon the Trustee for the benefit of the Bondholders or the Bank any additional rights, remedies, powers or authority that may lawfully be granted to or conferred upon the Bondholders or the Trustee;

3. To grant or pledge to the Trustee for the benefit of the Bondholders and the Bank any additional security other than that granted or pledged under the Indenture;

4. To modify, amend or supplement the Indenture or any supplemental indenture in such manner as to permit the qualification thereof under the Trust Indenture Act of 1939 or any similar federal statute then in effect or to permit the qualification of the Bonds for sale under the securities laws of any of the states of the United States;

5. To appoint a successor Trustee, separate trustees or co-trustees in the manner provided in Article VIII of the Indenture;

6. To make any change necessary to secure from a Rating Agency a rating on the Bonds equal to the rating on the unsecured indebtedness of the Bank other than a change requiring consent of the holders of all Bonds then outstanding;

7. To increase the Maximum Rate applicable to the Bonds during the Variable Rate Period; and

8. To make any other change which, in the judgment of the Trustee, is not materially adverse to the Trustee or the Bondholders.

Exclusive of supplemental indentures for the purposes set forth in the preceding paragraph, the consent of the Bank and the holders of not less than a majority in aggregate principal amount of the Bonds then outstanding and affected by such supplemental indenture is required to approve the execution by the Trustee of any supplemental indenture, except that no supplemental indenture shall permit (i) without the consent of the holders of all Bonds then outstanding (a) an extension of the maturity of the principal of, or the mandatory redemption date of, or the interest on, any Bond; (b) a reduction in the principal amount of, or the premium or the rate of interest on, any Bond; (c) a preference or priority of any Bond or Bonds over any other Bond or Bonds; (d) the creation of a lien prior to the lien of the Indenture; (e) a reduction in the aggregate principal amount of the Bonds required for consent to any supplemental indenture; or (f) a modification or change which impairs the ability of a Bondholder to tender Bonds for purchase pursuant to the Indenture, or (ii) without the consent of the Trustee a modification or change in the duties of the Trustee. No supplemental indenture which affects the rights or obligations of the Obligor shall become effective without the consent of the Obligor.

Trustee

Fifth Third Bank is the Trustee under the Indenture. A successor trustee may be appointed in accordance with the terms of the Indenture. The designated corporate trust office of the Trustee is located at 1850 East Paris, SE, MD ROPS53, Grand Rapids, Michigan 49546, Attention: Corporate Trust Administration (Tel: (616) 653-8716).

The Trustee will be protected in acting in reliance on opinions of counsel and other instruments believed to be genuine and correct. Before taking any action requested by the Bondholders or the Obligor (except for acceleration of the Bonds as required under the Indenture or drawing on the Letter of Credit as required by the Indenture), the Trustee may require satisfactory security or an indemnity bond from such Bondholders or the Obligor for the reimbursement of expenses and for protection against all liability, except liability which is adjudicated to have resulted from its own gross negligence or willful misconduct by reason of any action so taken.

THE REMARKETING AGREEMENT

The following is a brief summary of certain provisions of the Remarketing Agreement. The statements made under this caption do not purport to be complete and such statements are subject to the detailed provisions of the Remarketing Agreement. Capitalized terms used below without definition shall have the meanings ascribed to them in the Remarketing Agreement.

Fifth Third Securities, Inc., with its principal office in Cincinnati, Ohio, has been appointed as the Remarketing Agent for the Bonds. The Remarketing Agent will remarket any Bonds delivered for purchase pursuant to the Indenture and the Bonds and, pursuant to and subject to the provisions of the Remarketing Agreement, will offer for sale and use its best efforts to sell such Bonds at a price equal to 100% of the principal amount thereof plus accrued interest, if any, to the purchase date. The Remarketing Agent may resign by giving at least 30 days' notice to the Issuer, the Trustee and the Obligor (such resignation to be effective upon the appointment of a successor Remarketing Agent) and may suspend remarketing upon the occurrence of certain events. The Obligor may remove the Remarketing Agent at any time,

without cause, upon at least 30 days' written notice to the Remarketing Agent, the Issuer, the Bank and the Trustee, and appoint a successor Remarketing Agent. The Obligor has agreed to pay the Remarketing Agent an annual remarketing fee.

THE STATE AID AGREEMENT

The following is a brief summary of the State Aid Agreement. The statements made under this caption do not purport to be complete and such statements are subject to the detailed provisions of the State Aid Agreement.

The Obligor pledges certain state school aid payments to be received from the State of Michigan pursuant to the State School Aid Act of 1979 as security for the payment of the Obligor's obligations under the Installment Purchase Agreement. The State Aid Agreement amends and restates a previous state aid agreement entered into for the purpose of pledging state aid payments as security for the Obligor's obligations under certain state aid notes (the "State Aid Notes") and provides for the transfer and pledge, on a parity basis, of the pledged state aid from the State to the Trustee with respect to both the State Aid Notes and the Installment Purchase Agreement.

NEITHER THE BONDS NOR THE OBLIGOR'S OBLIGATION TO MAKE PAYMENTS UNDER THE INSTALLMENT PURCHASE AGREEMENT CONSTITUTE AN OBLIGATION, EITHER GENERAL, SPECIAL OR MORAL, OF CENTRAL MICHIGAN UNIVERSITY BY VIRTUE OF CENTRAL MICHIGAN UNIVERSITY'S PARTICIPATION IN THE STATE AID AGREEMENT.

TAX MATTERS

General

In the opinion of the Attorney General of the State of Michigan and in the opinion of Howard & Howard Attorneys, P.C., Bond Counsel, based on their examination of the documents described in their opinions, under existing law as presently interpreted, the interest on the Bonds (a) is excluded from gross income for federal income tax purposes and (b) is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals and corporations, however, it should be noted that with respect to corporations (as defined for federal income tax purposes), such interest is taken into account in determining adjusted current earnings for the purpose of computing the alternative minimum tax imposed on such corporations. Their opinions are subject to the condition that the Authority and the Obligor comply with all requirements of the Internal Revenue Code of 1986, as amended, that must be satisfied subsequent to the issuance of the Bonds in order that interest thereon be (or continue to be) excluded from gross income for federal income tax purposes. These requirements include rebating certain earnings to the United States. Failure to comply with such requirements could cause the interest on the Bonds to be so included in gross income retroactive to the date of issuance of the Bonds. The Authority and the Obligor have covenanted to comply with all such requirements, to the extent permitted by law. The Attorney General and Bond Counsel express no opinion regarding other federal tax consequences arising with respect to the Bonds and the interest thereon. The Attorney General and Bond Counsel will not express any opinion as to the

effect on the exclusion of interest on the Bonds from gross income for federal income taxes of a conversion of the interest rate on the Bonds from the Variable Rate to the Fixed Rate. The Attorney General and Bond Counsel are further of the opinion that under existing law as presently interpreted, the Bonds and the interest thereon are exempt from all taxation provided by the laws of the State of Michigan except for estate taxes and taxes on gains realized from the sale, payment or other disposition thereof.

Additional federal tax consequences relative to the Bonds and the interest thereon include the following matters. For federal income tax purposes: (a) tax-exempt interest, including interest on the Bonds, is included in the calculation of modified adjusted gross income required to determine the taxability of social security or railroad retirement benefits; (b) the receipt of tax-exempt interest, including interest on the Bonds, by life insurance companies may affect the federal income tax liabilities of such companies; (c) the amount of certain loss deductions otherwise allowable to property and casualty insurance companies will be reduced (in certain instances below zero) by 15% of, among other things, tax-exempt interest, including interest on the Bonds; (d) interest incurred or continued to purchase or carry the Bonds may not be deducted in determining federal income tax; (e) commercial banks, thrift institutions and other financial institutions may not deduct their costs of carrying certain obligations such as the Bonds; (f) interest on the Bonds will be included in effectively connected earnings and profits for purposes of computing the branch profits tax on certain foreign corporations doing business in the United States; (g) passive investment income including interest on the Bonds, may be subject to federal income taxation for S Corporations that have Subchapter C earnings and profits at the close of the taxable year if greater than 25% of the gross receipts of such S Corporations is passive investment income; (h) holders acquiring the Bonds subsequent to initial issuance will generally be required to treat market discount recognized under Section 1276 of the Code as ordinary taxable income and; (i) the receipt or accrual of interest on the Bonds may cause disallowance of the earned income credit under Section 32 of the Code.

No assurance can be given that any future legislation or clarifications or amendments to the Internal Revenue Code of 1986, as amended, if enacted into law, will not contain proposals which could cause the interest on the Bonds to be subject directly or indirectly to federal income taxation, adversely affect the market price or marketability of the Bonds, or otherwise prevent the holders from realizing the full current benefit of the status of the interest thereon.

Investors should consult with their tax advisors as to the tax consequences of their acquisition, holding or disposition of the Bonds.

RISK FACTORS

Investment in the Bonds involves certain credit and prepayment risks, including but not limited to the following:

1. The primary security for the Bonds is intended to be the Letter of Credit delivered by the Bank to the Trustee. As a consequence, no financial information in respect of the creditworthiness of the Obligor is included herein. Reference is hereby made to Appendix A hereto which contains certain financial information regarding the Bank. It is possible, however, in the event of the insolvency of the Bank or the occurrence of some other event precluding the

Bank from honoring its obligation to make payments as stated in the Letter of Credit, that the financial resources of the Obligor will be the only source of payment on the Bonds. There can be no assurance that the financial resources of the Obligor would be sufficient to pay the principal, premium, if any, and interest on the Bonds.

2. The Obligor has operated as a public school academy since 1996 under a charter issued by Central Michigan University. The charter provides the basis for the Obligor to receive school aid payments from the State of Michigan pursuant to the School Aid Act of 1979. Central Michigan University has renewed and extended the charter on various occasions since the charter was first issued. The current charter expires on June 30, 2004 and will then be subject to renewal. The Obligor's charter may be terminated, suspended or revoked by Central Michigan University at any time prior to the expiration of the charter term. As a matter of Michigan law, decisions to revoke or to not renew a charter for the operation of a public school academy are not subject to judicial review. In the event that Central Michigan University were to revoke, cancel, or not renew the Obligor's charter, and if the Obligor were unable to secure another authorizing body in such event, the ability of the Obligor to make payments coming due under the installment purchase agreement coming due thereafter would be materially adversely affected. Additionally, pursuant to the School Aid Act of 1979, in the event that (i) the Obligor is ineligible to receive funding under the School Aid Act of 1979 for 18 consecutive months; (ii) the Obligor's charter is revoked; or (iii) the Obligor's charter is not renewed, then property acquired substantially with funds received from the State pursuant to the School Aid Act of 1979 is required to be transferred to the State.

3. Upon the occurrence of certain events, including, but not limited to damage to or condemnation of all or a part of the Project, the Bonds may be subject to prepayment in whole or in part at a price equal to 100% of the principal amount thereof (without premium), plus accrued interest. See "THE INSTALLMENT PURCHASE AGREEMENT" and "THE BONDS" herein.

4. Enforcement of remedies provided in the Indenture with respect to payments to be made by the Bank under the Letter of Credit may be limited by insolvency, bankruptcy or other laws relating to creditors' rights generally. The security provided by the Letter of Credit for payment of the principal of and interest on the Bonds, or the purchase price of the Bonds, may be impaired in the event of a deterioration of the financial condition of the Bank, as the Letter of Credit represents a general claim against the assets of the Bank.

5. Performance by the Bank of its obligations under the Letter of Credit is subject to the satisfaction of certain conditions by the Trustee, as set forth in the Letter of Credit. Bondholders are thus dependent upon the Trustee acting to satisfy such conditions before they will receive the benefit of the Letter of Credit. Furthermore, the question of whether the Trustee has properly satisfied such conditions is a question of fact which, if disputed, could delay or defeat the Trustee's rights of enforcement of the Letter of Credit.

6. The United States Bankruptcy Code generally stays the enforcement of claims against the estate of a bankrupt once a petition in bankruptcy is filed. However, it is possible in the event of a bankruptcy of the Obligor that a bankruptcy court could at least temporarily stay the payment of the Letter of Credit until relief from that stay is granted by the bankruptcy court, thus delaying payment to the Bondholders.

7. The Bonds are not general obligations of the Issuer but are limited obligations, payable solely from the Security pledged for the payment thereof pursuant to the Indenture. The Bonds shall never constitute a debt, liability or general obligation of the Issuer and shall never constitute nor give rise to a charge against the general credit or general funds or assets of the Issuer (including funds pertaining to other loans or activities of the Issuer). The Bonds do not constitute an indebtedness or general obligation of the State of Michigan, nor shall any act of the Issuer in any manner constitute or result in the creation of an indebtedness of the State of Michigan. The Issuer has no taxing power, and no holder or holders of any Bonds shall ever have the right to compel any exercise of the taxing power of the State of Michigan, nor to enforce the payment thereof against any property of the State of Michigan.

8. In the event the Obligor does not comply with all requirements of the Code that must be satisfied in order for interest on the Bonds to be excluded from gross income for federal income tax purposes, the interest on the Bonds may be or become taxable from the date of original issuance to the Bondholders for federal income tax purposes. See "THE BONDS -- Redemption of the Bonds -- *Mandatory Redemption Upon Determination of Taxability*." The occurrence of a Determination of Taxability with respect to the Bonds will not constitute an Event of Default under the Indenture and the sole remedy of the Bondholders will be mandatory redemption of the Bonds. No redemption premium will be payable and no increase in the interest payable with respect to the Bonds will occur in the event a Determination of Taxability occurs.

9. The various legal opinions to be delivered concurrently with the delivery of the Bonds will be qualified as to the enforceability of the various legal instruments by limitations imposed by the valid exercise of the constitutional powers of the State of Michigan and the United States of America and other governmental authorities, including police powers exercised for the benefit of the public health and welfare, and by bankruptcy, reorganization, insolvency or other similar laws affecting the rights of creditors generally, and by general principles of equity (regardless of whether such enforceability is considered in a proceeding in equity or at law).

APPROVAL OF LEGAL PROCEEDINGS

Legal matters incident to the authorization, issuance and sale by the Issuer of the Bonds will be passed upon by Howard & Howard Attorneys, P.C., Lansing, Michigan, Bond Counsel and the Attorney General of the State of Michigan. Copies of the approving opinion of Howard & Howard Attorneys, P.C. as Bond Counsel and of the Attorney General will be available at the time of the delivery of the Bonds. Certain legal matters will be passed upon for the Obligor by Nantz, Litowich, Smith & Girard, Attorneys and Counselors, Grand Rapids, Michigan, and for Fifth Third Securities, Inc., in its capacity as Underwriter, and for Fifth Third Bank, in its capacity as issuer of the Letter of Credit, by Dykema Gossett PLLC, Lansing, Michigan.

POTENTIAL CONFLICT OF INTEREST

At the request of the Obligor, pursuant to the Reimbursement Agreement, Fifth Third Bank, an Ohio banking corporation, is issuing the Letter of Credit which secures the Bonds; pursuant to the Indenture, Fifth Third Bank, a Michigan banking corporation, is acting as Trustee

for the Bonds; pursuant to the Bond Purchase Agreement, Fifth Third Securities, Inc., will underwrite the Bonds; and, pursuant to the Remarketing Agreement, Fifth Third Securities, Inc. will also remarket the Bonds. Fifth Third Bank and Fifth Third Securities, Inc. are wholly owned subsidiaries (either directly or indirectly) of Fifth Third Bancorp. Each firm will deliver a certificate at the closing for the Bonds to the effect that the acceptance by and the performance of their respective duties under the Reimbursement Agreement, the Letter of Credit, the Indenture, the Bond Purchase Agreement and the Remarketing Agreement, as applicable, do not constitute a prohibited conflict of interest under any applicable law, regulation, administrative order, or court ruling. The Trustee, the Underwriter, and the Remarketing Agent will further certify that if any of them determines that the performance of its duties under the Indenture, the Bond Purchase Agreement, or the Remarketing Agreement, as applicable, constitutes a prohibited conflict of interest, it will take appropriate measures to mitigate the conflict. In the event of any material dispute between the Trustee and the Bank during the period in which Fifth Third Bank is serving as Trustee and Fifth Third Bank is issuer of the Letter of Credit, including without limitation a dispute in connection with the Bank's failure to honor a draw under the Letter of Credit, Fifth Third Bank may be required to resign as Trustee and secure the appointment of a successor trustee in accordance with the Indenture.

EXEMPTION FROM CONTINUING DISCLOSURE REQUIREMENTS

The initial offering and reoffering of the Bonds are exempt from the requirements of Rule 15c2-12 (the "Rule") of the Securities and Exchange Commission, including the continuing disclosure requirements of paragraph (b)(5) of the Rule, so long as the interest rate determination method remains in the Variable Rate mode. If a Fixed Rate is established for the Bonds, the Bonds may become subject to the continuing disclosure requirements of the Rule and, in such event, the Obligor has agreed in the Installment Purchase Agreement to comply with the applicable requirements of the Rule which include, among other things, entering into an undertaking to provide, for the benefit of the Beneficial Owners of the Bonds, certain continuing disclosure information as required by the Rule.

UNDERWRITING

The Issuer, the Obligor and the Underwriter have entered into a Bond Purchase Agreement with respect to the initial offering of the Bonds. The Underwriter has agreed to purchase the Bonds at an aggregate purchase price of \$2,615,000 (the par amount of the Bonds) and the Obligor has agreed to pay the Underwriter an underwriting fee of \$19,612.50.

The Underwriter is a broker-dealer and a subsidiary of Fifth Third Bancorp. Fifth Third Bancorp is a multi-bank holding company. Any obligations of the Underwriter are its sole obligations and do not create any obligations on the part of any affiliate of the Underwriter, including any affiliated banks. Securities sold, offered or recommended by the Underwriter are not deposits, are not insured by the Federal Deposit Insurance Corporation, are not guaranteed by any affiliated bank of the Underwriter and are not otherwise an obligation or responsibility of any such affiliated bank.

MISCELLANEOUS

The Bonds are intended to be exempt securities under the Securities Act of 1933, as amended (the “1933 Act”), and the offer, sale and delivery of the Bonds does not require registration under the 1933 Act or qualification of the Indenture under the Trust Indenture Act of 1939. The Obligor has agreed that, during the course of the transaction and prior to the sale of the Bonds, potential investors may ask questions of and receive answers from its representatives concerning the terms and conditions of the offering and that potential investors may obtain from it any additional information necessary to verify the accuracy of the information furnished, in each case to the extent it possesses such information or can acquire it without unreasonable effort or expense. Any request for information may be directed to the Underwriter. The designated office of the Underwriter is 38 Fountain Square Plaza, MD 10903C, Cincinnati, Ohio 45263, Attention: Municipal Trading (Tel: 513-534-6514).

The foregoing summaries or descriptions of provisions of the Bonds, the Indenture, the Installment Purchase Agreement, the Remarketing Agreement, the Reimbursement Agreement and the Letter of Credit, and all references to other materials not purporting to be quoted in full are only brief outlines of some of the provisions thereof and do not purport to summarize or describe all of the provisions thereof, and reference is made to these documents for full and complete statements of their provisions. Copies, in reasonable quantity, of the Letter of Credit, the Indenture, and the Installment Purchase Agreement, may be obtained during the offering period upon request directed to the Underwriter.

APPENDIX A

FIFTH THIRD BANK

Fifth Third Bank (the "Letter of Credit Bank"), is a state banking corporation organized under the laws of the State of Ohio. The Letter of Credit Bank is a major regional commercial bank offering a wide range of banking services to individual and business customers.

At September 30, 2003, the Letter of Credit Bank had total assets of approximately \$56.210 billion, total liabilities of approximately \$51.648 billion, minority interests in consolidated subsidiaries of \$495 million and total shareholders' equity of approximately \$4.067 billion. The Balance Sheet from the Report of Condition of the Letter of Credit Bank at September 30, 2003 are set forth on the following pages.

All of the Letter of Credit Bank's capital stock is owned by Fifth Third Bancorp, a publicly-held bank holding company, the common stock of which is registered under the Securities and Exchange Act of 1934. Fifth Third Bancorp files annual and other reports containing audited, consolidated financial and other information, with the Securities and Exchange Commission, 450 Fifth Street, N.W., Washington, D.C. 20001-2739, and copies of this information may be obtained from the commission upon payment of copying charges or examined at the Commission's offices, without charge. The Letter of Credit is an unsecured obligation of the Letter of Credit Bank and not of Fifth Third Bancorp. Fifth Third Bancorp has not guaranteed the Letter of Credit Bank's obligation under the Letter of Credit or the Reimbursement Agreement and is not and will not become obligated in any manner with respect thereto.

The Letter of Credit Bank will supply without charge to any person to whom this Official Statement is delivered a copy of the Fifth Third Bancorp Form 10-K for the year ended December 31, 2002, as well as copies of subsequently filed quarterly and other reports on Forms 10-Q or 8-K, as filed with the Securities and Exchange Commission, upon written request to Paul L. Reynolds, Fifth Third Bancorp, 38 Fountain Square Plaza, Cincinnati, Ohio 45263. Telephone requests should be directed to (513) 579-5300.

The Letter of Credit Bank and Fifth Third Bancorp are responsible only for the information contained in this Appendix and did not participate in the preparation of, or in any way verify, the information contained in any other part of this Official Statement. Accordingly, neither the Letter of Credit Bank or Fifth Third Bancorp assumes any responsibility for nor makes any representation or warranty as to the accuracy or completeness of information contained in any other part of this Official Statement.

Fifth Third Bank 38 FOUNTAIN SQUARE PLAZA CINCINNATI, OH 45263 FDIC Certificate Number: 6672 Web Address: http://www.53.com/	FFIEC 031 Consolidated Report of Condition for September 30, 2003
---	---

Consolidated Report of Condition for Insured Commercial and State-Chartered Savings Banks

All schedules are to be reported in thousands of dollars. Unless otherwise indicated, report the amount outstanding as of the last business day of the quarter.

Schedule RC--Balance Sheet

Dollar Amounts in Thousands		
ASSETS		
1.	Cash and balances due from depository institutions (from Schedule RC-A)	
a.	Noninterest-bearing balances and currency and coin ¹	RCFD 0081 1,757,609
b.	Interest-bearing balances ²	RCFD 0071 11,918
2.	Securities:	
a.	Held-to-maturity securities (from Schedule RC-B, column A)	RCFD 1754 111,969
b.	Available-for-sale securities (from Schedule RC-B, column D)	RCFD 1773 19,607,714
3.	Federal funds sold and securities purchased under agreements to resell	
a.	Federal funds sold in domestic offices	RCON B987 729,743
b.	Securities purchased under agreements to resell³	RCFD B989 0
4.	Loans and lease financing receivables (from Schedule RC-C):	
a.	Loans and leases held for sale	RCFD 5369 1,491,799
b.	Loans and leases, net of unearned income	RCFD B528 28,322,942
c.	LESS: Allowance for loan and lease losses	RCFD 3123 396,974
d.	Loans and leases, net of unearned income and allowance (item 4.b minus 4.c)	RCFD B529 27,925,968
5.	Trading assets (from Schedule RC-D)	RCFD 3545 202,059
6.	Premises and fixed assets (including capitalized leases)	RCFD 2145 473,178
7.	Other real estate owned (from Schedule RC-M)	RCFD 2150 33,093
8.	Investments in unconsolidated subsidiaries and associated companies (from Schedule RC-M)	RCFD 2130 0
9.	Customers' liability to this bank on acceptances outstanding	RCFD 2155 12,807
10.	Intangible assets:	
a.	Goodwill	RCFD 3163 330,934
b.	Other intangible assets (from Schedule RC-M)	RCFD 0426 471,554
11.	Other assets (from Schedule RC-F)	RCFD 2160 3,049,913
12.	Total assets (sum of items 1 through 11)	RCFD 2170 56,210,258

LIABILITIES			
13. Deposits:			
a.	In domestic offices (sum of totals of columns A and C from Schedule RC-E, part I)	RCON 2200	22,952,612
	(1) Noninterest-bearing ⁴	RCON 6631	6,079,170
	(2) Interest-bearing	RCON 6636	16,873,441
b.	In foreign offices, Edge and Agreement subsidiaries, and IBFs (from Schedule RC-E, part II)	RCFN 2200	3,754,261
	(1) Noninterest-bearing	RCFN 6631	0
	(2) Interest-bearing	RCFN 6636	3,754,261
14.	Federal funds purchased and securities sold under agreements to repurchase		
	a. Federal funds purchased in domestic offices ⁵	RCON B993	9,185,305
	b. Securities sold under agreements to repurchase ⁶	RCFD B995	2,444,118
15.	Trading liabilities (from Schedule RC-D)	RCFD 3548	93,630
16.	Other borrowed money (includes mortgage indebtedness and obligations under capitalized leases) (from Schedule RC-M)	RCFD 3190	9,642,512
17.	Not applicable		
18.	Bank's liability on acceptances executed and outstanding	RCFD 2920	12,807
19.	Subordinated notes and debentures ⁷	RCFD 3200	609,232
20.	Other liabilities (from Schedule RC-G)	RCFD 2930	2,953,786
21.	Total liabilities (sum of items 13 through 20)	RCFD 2948	51,648,263
22.	Minority interest in consolidated subsidiaries	RCFD 3000	495,340
EQUITY CAPITAL			
23.	Perpetual preferred stock and related surplus	RCFD 3838	0
24.	Common stock	RCFD 3230	4,540
25.	Surplus (exclude all surplus related to preferred stock)	RCFD 3839	1,461,813
26.	a. Retained earnings	RCFD 3632	2,701,445
	b. Accumulated other comprehensive income ⁸	RCFD B530	-101,143
27.	Other equity capital components ⁹	RCFD A130	0
28.	Total equity capital (sum of items 23 through 27)	RCFD 3210	4,066,655
29.	Total liabilities, minority interest, and equity capital (sum of items 21, 22, and 28)	RCFD 3300	56,210,258

Memorandum		
To be reported with the March Report of Condition.		
1.	Indicate in the box at the right the number of the statement below that best describes the most comprehensive level of auditing work performed for the bank by independent external auditors as of any date during 2002	<div>Number</div> <div>RCFD 6724</div> <div>N/A</div>

1 Independent audit of the bank conducted in
= accordance with generally accepted auditing
standards by a certified public accounting firm
which submits a report on the bank

2 Independent audit of the bank's parent holding
= company conducted in accordance with generally
accepted auditing standards by a certified public
accounting firm which submits a report on the
consolidated holding company (but not on the bank
separately)

3 Attestation on bank management's assertion on the
= effectiveness of the bank's internal control over
financial reporting by a certified public accounting
firm

4 Directors' examination of the bank
= conducted in accordance with
generally accepted auditing standards
by a certified public accounting firm
(may be required by state chartering
authority)

5 Directors' examination of the bank
= performed by other external auditors
(may be required by state chartering
authority)

6 Review of the bank's financial
= statements by external auditors

7 Compilation of the bank's financial
= statements by external auditors

8 Other audit procedures (excluding tax
= preparation work)

9 No external audit work
=

¹ Includes cash items in process of collection and unposted debits.

² Includes time certificates of deposit not held for trading.

³ **Includes all securities resale agreements in domestic and foreign offices, regardless of maturity.**

⁴ Includes total demand deposits and noninterest-bearing time and savings deposits.

⁵ **Report overnight Federal Home Loan Bank advances in Schedule RC, item 16, "Other borrowed money."**

⁶ **Includes all securities repurchase agreements in domestic and foreign offices, regardless of maturity.**

⁷ Includes limited-life preferred stock and related surplus.

⁸ Includes net unrealized holding gains (losses) on available-for-sale securities, accumulated net gains (losses) on cash flow hedges, cumulative foreign currency translation adjustments, and minimum pension liability adjustments.

⁹ Includes treasury stock and unearned Employee Stock Ownership Plan shares.

APPENDIX B

FORM OF OPINION OF BOND COUNSEL

_____, 2003

Michigan Public Educational Facilities Authority
Treasury Building
Lansing, Michigan 48909

As Bond Counsel to the Michigan Public Educational Facilities Authority (the “Authority”) we submit this opinion with respect to the issuance by the Authority of its Limited Obligation Variable Rate Demand Revenue Bonds (West Michigan Academy of Environmental Science Project), Series 2003 (the “Bonds”).

The Bonds are authorized to be issued by Executive Order No. 2002-3, compiled at §12.192 of the Michigan Compiled Laws, the Shared Credit Rating Act, Act No. 227 of the Public Acts of 1985 of the State, as amended, and the Michigan Strategic Fund Act, Act No. 270 of the Public Acts of 1984 of the State, as amended (the “Enabling Legislation”), by a bond resolution adopted by the Authority on December 2, 2003 (the “Resolution”), and by a Trust Indenture, dated as of December 1, 2003 (the “Indenture”) by and between the Authority and Fifth Third Bank, a Michigan banking corporation, as trustee (the “Trustee”).

The Bonds are being issued pursuant to the Enabling Legislation, the Resolution and the Indenture to provide funding for the purchase of an obligation (the “Municipal Obligation”) consisting of an Installment Purchase Financing Agreement (the “Financing Agreement”) issued by West Michigan Academy of Environmental Science, a public school academy in the State of Michigan (the “Governmental Unit”), as set forth in the Resolution and the Indenture and to pay costs of issuance of the Bonds. The Bonds are subject to redemption prior to maturity as set forth in the Resolution and the Bonds. The Bonds are secured by an irrevocable direct-pay letter of credit dated the date of original delivery of the Bonds (the “Letter of Credit”) issued by Fifth Third Bank, an Ohio banking corporation (the “Bank”) in favor of the Trustee.

We have examined the Constitution and statutes of the State of Michigan (the “State”), the Resolution, the Indenture, the Financing Agreement, the Letter of Credit, a specimen of a Bond and such other information, records and documents as we deem necessary, including a non-arbitrage and tax compliance certificate of the Authority, and based on such examination we are of the opinion under existing law that:

1. The Authority is duly created and validly existing as a body corporate with the power to adopt the Resolution and execute the Indenture.
2. The Resolution has been duly adopted by the Authority, the Indenture has been duly executed by the Authority and each constitutes legal, valid and binding actions of the Authority in accordance with its terms.

3. The Bonds are valid and legally binding limited obligations of the Authority enforceable in accordance with their terms, payable as to the principal of, premium, if any, and accrued interest thereon solely from the security pledged therefor under the Indenture. The Bonds are not a general obligation of the Authority. Neither the State nor any political subdivision of the State is obligated to pay the principal of, premium, if any, or interest on the Bonds and neither the faith and credit nor the taxing power of the State or any political subdivision of the State is pledged to the payment of the principal of, premium, if any, or interest on the Bonds. The Authority has no taxing power.

4. The interest on the Bonds (a) is excluded from gross income for federal income tax purposes and (b) is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals and corporations; however, it should be noted that certain corporations must take into account interest on the Bonds in determining adjusted current earnings for the purpose of computing the alternative minimum tax imposed on such corporations. This opinion is subject to the condition that the Authority and the Governmental Unit comply with all requirements of the Internal Revenue Code of 1986, as amended, that must be satisfied subsequent to the issuance of the Bonds in order that interest thereon be (or continue to be) excluded from gross income for federal income tax purposes. The requirements include rebating certain earnings to the United States. Failure to comply with such requirements could cause the interest on the Bonds to be so included in gross income retroactive to the date of issuance of the Bonds. The Authority and the Governmental Unit have covenanted to comply with all such requirements to the extent permitted by law. We express no opinion regarding the effect on the exclusion of interest on the Bonds from gross income for federal income tax purposes upon conversion of the interest rate on the Bonds to the Fixed Rate (as defined in the Indenture). We express no opinion regarding other federal tax consequences arising with respect to the Bonds and the interest thereon.

5. The Bonds and the interest thereon are exempt from all taxation provided by the laws of the State, except estate taxes and taxes on gains realized from the sale, payment or other disposition thereof.

In rendering the foregoing opinion, no opinion is expressed as to the validity or enforceability of the Municipal Obligation, and we have, with your approval, relied upon the opinion of counsel to the Governmental Unit as to those matters.

Enforceability of the Bonds, the Indenture and the Resolution may be subject to the application of general principles of equity including those related to equitable subordination, and to bankruptcy, insolvency, reorganization, moratorium, fraudulent conveyance and other similar laws affecting creditors' rights heretofore or hereafter enacted to the extent constitutionally applicable and their enforcement may be subject to the exercise of judicial discretion in appropriate cases.

HOWARD & HOWARD ATTORNEYS, P.C.

APPENDIX C

FORM OF OPINION OF THE ATTORNEY GENERAL

Michigan Public Educational Facilities Authority
Treasury Building
Lansing, Michigan

In my capacity as Attorney General of the State of Michigan, I have caused to be examined a closing transcript and, in particular, the following documents relating to the issuance by the Michigan Public Educational Facilities Authority (the "Issuer") of bonds designated MICHIGAN PUBLIC EDUCATIONAL FACILITIES AUTHORITY LIMITED OBLIGATION VARIABLE RATE DEMAND REVENUE BONDS (WEST MICHIGAN ACADEMY OF ENVIRONMENTAL SCIENCE PROJECT), SERIES 2003 in the aggregate principal amount of \$_____ (the "Bonds");

(1) Executive Order 2002-3 and the Shared Credit Rating Act, 1985 PA 227, as amended, which, collectively, created the Issuer and empower it to issue revenue bonds;

(2) a certified copy of the resolution adopted by the Issuer on December 2, 2003, authorizing the issuance of the Bonds (the "Resolution");

(3) an executed counterpart of the trust indenture dated as of December 1, 2003 (the "Indenture"), entered into between the Issuer and Fifth Third Bank, a Michigan banking corporation, as trustee (the "Trustee");

(4) an executed counterpart of the installment purchase financing agreement dated as of December 1, 2003 (the "Installment Purchase Agreement"), entered into among the Issuer, F.C.C., Inc., and West Michigan Academy of Environmental Science, a Michigan public school academy (the "Obligor");

(5) a copy of the irrevocable letter of credit (the "Letter of Credit") issued by Fifth Third Bank, an Ohio banking corporation (the "Bank");

(6) a Non-Arbitrage Certificate of the Issuer; and

(7) one Bond, as executed, or a specimen of it.

The proceeds of the Bonds will be used to purchase the Installment Purchase Agreement of the Obligor, which was entered into to finance the construction, furnishing and equipping of a public school academy in the city of Walker, Kent County, Michigan (the "Project") and to pay the issuance costs for the Bonds.

By the terms of the Installment Purchase Agreement, the Obligor has contracted to make repayments at times and in amounts sufficient to enable the Issuer to pay the principal of, premium, if any, and interest on the Bonds in accordance with their terms. Pursuant to the Indenture, the repayments to the Issuer from the Obligor and certain rights of the Issuer (to the

extent specified in the Indenture) have been assigned by the Issuer to the Trustee as security for the Bonds.

Security for the repayment of the Bonds is also provided by the Letter of Credit, as to which I express no opinion.

In rendering this opinion, I have relied upon the opinion, dated today, of Nantz, Litowich, Smith & Girard, counsel for the Obligor, to the effect that the Installment Purchase Agreement is the valid and binding obligation of the Obligor and as to other matters set forth in the opinion. I express no opinion as to the validity or enforceability of the Installment Purchase Agreement. I have assumed the due authorization, execution, and delivery by, and the binding effect upon and the enforceability against, the Trustee of the Indenture. I have also assumed the accuracy of and relied upon the information and representations contained in the Installment Purchase Agreement and the certificates of the Obligor (including specifically the representation that the Obligor is a public school academy under Michigan law and the representation and covenant by the Obligor that it will comply with Section 148 of the Internal Revenue Code of 1986, as amended (the "Code") and I have made no independent investigation of the accuracy of the information and representations contained therein.

Based on the foregoing, I am of the opinion that, under existing law as presently interpreted:

1. The Issuer is a public body corporate and politic of the State of Michigan duly organized and validly existing under the Constitution and the laws of the State of Michigan.

2. The Issuer has the power under the laws of the State of Michigan to adopt the Resolution. The Resolution has been duly adopted by the Issuer and is in full force and effect in the form adopted.

3. The Issuer has the power under the laws of the State of Michigan to enter into the Indenture. The Indenture has been duly authorized, executed, and delivered by the Issuer and constitutes a valid and binding agreement of the Issuer enforceable in accordance with its terms.

4. The Bonds have been duly authorized, executed, and delivered by the Issuer and, when duly authenticated, will constitute valid and binding limited obligations of the Issuer enforceable in accordance with their terms and the terms of the Indenture, payable as to principal, premium, if any, and accrued interest solely from the security pledged therefor under the Indenture.

5. The Bonds are limited obligations of the Issuer. The Bonds, including the interest on them, are not general obligations of the Issuer and do not constitute obligations, debts, or liabilities of the State of Michigan and do not constitute a charge against the general credit of the Issuer or a charge against the credit or taxing power of the State of Michigan. The Issuer has no taxing power.

6. Interest on the Bonds (i) is excluded from gross income for federal income tax purposes, and (ii) is not an item of tax preference for purposes of the federal alternative

minimum tax imposed on individuals and corporations. However, for the purpose of computing the alternative minimum tax imposed on corporations (as defined for federal income tax purposes), interest on the Bonds is taken into account in determining adjusted current earnings. My opinion is subject to the condition that the Obligor and the Issuer comply with all requirements of the Code that must be satisfied subsequent to the issuance of the Bonds in order that interest on the Bonds be, or continue to be, excluded from gross income for federal income tax purposes. The Obligor has covenanted for itself and on behalf of the Issuer to comply with each such requirement. Failure to comply with certain of those requirements could cause the interest on the Bonds to be included in gross income for federal income tax purposes retroactive to the date of issuance of the Bonds. I express no opinion regarding the effect on the exclusion of interest on the Bonds from gross income for federal income tax purposes upon conversion of the interest rate on the Bonds to the Fixed Rate (as defined in the Indenture). I express no opinion regarding other federal tax consequences arising with respect to the Bonds.

7. The Bonds and interest on them are exempt from all taxation provided by the laws of Michigan except for estate taxes and taxes on gains realized from the sale, payment or other disposition thereon.

Enforceability of the Bonds, the Indenture and the Resolution may be subject to bankruptcy, insolvency, reorganization, moratorium, and other laws affecting creditors' rights that have been or in the future will be enacted to the extent constitutionally applicable and their enforcement may be subject to the exercise of judicial discretion including the application of general principles of equity.

I express no opinion on the investment quality of the Bonds or whether the facts, figures, or financial information or other statements made respecting the Obligor or the Bank contained any untrue statement of a material fact or omitted to state a material fact necessary in order to make those statements, in the light of the circumstances under which they were made, not misleading.

Sincerely yours,

MIKE COX
Attorney General